

Tsu City

Best Practice

of Customer Relationship Management

Effective Utilization of Public Assets through Open-Data

A large amount of infrastructure and public facilities was built in Japan during the period of rapid economic growth of the late 1950s to the early 1970s, and much of this is now in need of reconstruction. The immense cost of repairing, improving, and maintaining these facilities is an issue that many municipalities face, under the current economic conditions of decreasing population and reduced tax revenue due to the falling birthrate and ageing population.

Tsu City established the “Tsu City Public Facilities Comprehensive Management Plan” in January of 2017 to clarify the current state of public facilities and related issues, and to show the course of action Tsu City will take to address them. All municipalities in Japan are to establish their own Public Facilities Comprehensive Management Plans during the fiscal year of 2018, by request of the Government.

Resolving these issues presents a major challenge, as the City must consider ways of reducing facility maintenance and management costs, while at the same time meeting the expectations of citizens regarding quality of life. To meet this challenge, it will be necessary to draw on the analytical and management expertise of private businesses.

Under the recognition that it is important for us to share information with the private sector, we have been promoting a policy of open-data for public facilities, with the aim of incorporating private-sector vitality into facility management.

As mentioned above, municipalities across the country are currently facing these same issues, and likewise are promoting the implementation of open-data for public facilities, representing a total asset value of 420 trillion yen nationally. In addition to that, the Government has set a target for expanding public-private-partnership (PPP) / private-finance-initiative (PFI) projects to the scale of 21 trillion yen in business by the year 2022. To make this possible, new methods of fundraising and real estate asset management have also been introduced.

We hope that providing open-data for public facilities in Tsu City will result in stimulating the private sector to create pioneering business models which make effective use of public facilities as their speculative assets.



**Mayor of Tsu City
Yasuyuki Maeba**

Utilization and application of assets – lands and buildings – is one of the most interesting themes for private companies as well as for local municipalities. I am very proud that our efforts were recognized as a model of “Effective Utilization of Public Assets through Open-Data”.

Tsu city has also, for the second consecutive year, received awards of “Best Practice in Customer Relationship Management”, “Model Code of Conduct for Commitment to Service to the Public”, and “Model of Dialogue-based Interregional Cooperation”. These achievements are outcome of specific city plans and policies: Our “Code of Conduct for Commitment to Service to the Public” is based on our “Code of Conduct for Officials of Tsu City Government”, and our “Dialogue-based Interregional Cooperation” modal-status came about due to the “Local Administration Management Plan of Tsu City Government”. Furthermore, “Effective Utilization of Public Assets through Open-Data” is an actual practice based on the “Tsu City Public Facilities Comprehensive Management Plan”, established in 2017. These plans and policies all reflect our local administration management, which is based on the philosophy of Customer Relationship Management (CRM).

Customers of local governments are not limited to users of specific public facilities and services, but also citizens who might not actually make use of these facilities or services directly, but still cover the cost of them indirectly through paying taxes. From that point of view, all citizens are our customers, a fact which presents a major difference between local governments and private companies.

Sound and highly transparent administration management is required to satisfy citizens; accordingly, we commit ourselves to thorough discussion and information sharing with the citizens of Tsu City.

In addition, it is the responsibility of local governments to provide their citizens with services relating to essential aspects of their lives, such as welfare, education, and infrastructure, to meet their wishes and expectations while ensuring the

sustainable management of city government into the future. However, the current situation of decreasing population and reduced tax revenue, due to a failing birthrate and ageing of population, places limitations on sources of revenue as well as human resources.

To overcome these challenges, we need exceeding ideas. We cannot be satisfied with the present situation. We need to commit ourselves to propose various policies that go beyond citizens' expectations. The officials in Tsu City government will work hard and make the best use of our inventiveness, under the "Code of Conduct for Officials of Tsu City Government" and the principles of our local administration management, in order to achieve new heights.

As well, we need to acquire the type of management skills that are utilized in private companies, such as the ability for decisive action, a sharp sense of cost, and making effective use of accumulated business experience. To do so, we have been working to strengthen HR development and integrate IT effectively into our operations.

Tsu City will continue to promote its local administration management, based on Customer Relationship Management, as the proud prefectural capital of Mie. We will continue trying our best to create pioneering business models.

Effective Utilization of Public Assets through Open-Data

Tsu City

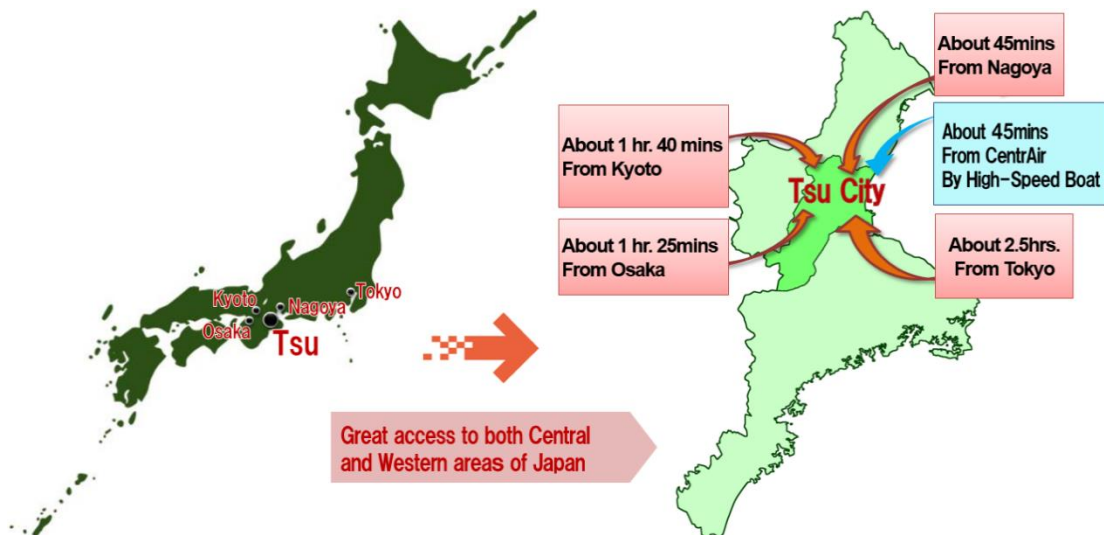
■ Overview

Tsu City is the capital of Mie Prefecture. It has a population of about 280,000 people and an area of about 711 km², and came to take its current form in 2006 with merger of 2 cities (former-Tsu and Hisai), 6 towns (Kawage, Geino, Ano, Karasu, Ichishi and Hakusan), and 2 villages (Misato and Misugi).

Tsu City Government

Established	1 st January, 2006 (Date of Merger)
Address	23-1 Nishimarunouchi, Tsu City Mie Prefecture 514-8611 TEL: 059-229-3273
Mayor	Yasuyuki MAEBA
Employees	2,561 (As of 1 st April 2018)
URL	http://www.info.city.tsu.mie.jp/

An urban area closely situated to nature such as the sea, rivers and mountains, Tsu City has a rich historical and cultural background, as well as many higher educational institutes and government-related offices. It also has good access to two of the three biggest cities in Japan (Osaka City and Nagoya City) and is packed with various business centers of finance, commerce and industry.



Tsu City in Mie Prefecture
(Tsu City is situated between two of the biggest cities in Japan, Osaka and Nagoya.)

■ Background

Tsu City has been working to fulfill the promises made by the above-mentioned cities, towns, and villages to their residents before the merger, as well as taking on new challenges as a new city, all within a reasonable timeframe, by making good use of the merits which have arisen due to the restructuring.

Customers of the City include all the citizens living here, and our responsibility is to protect their living and realize their individual happiness. To continue fulfilling this responsibility, we need to maintain healthy and sustainable management as a local government and also to apply more systematic local administrative management, taking advantage of our resources – people, goods, capital, and information – just as many private companies do.

Local Administration Management System of Tsu City



【Our CRM】

Establishing plans and policies is not a goal in itself. To promote Customer Relationship Management, we have been developing our own best practices by implementing plans and policies while working together and co-operating with our stakeholders, and introducing and utilizing the latest IT techniques.

In 2015, we established the "Code of Conduct for Officials of Tsu City Government" to create the foundation of local administration management through building up employees' sense of purpose, in order to make the best use of a critical resource, our people.

In 2016, we established "Local Administration Management Plan of Tsu City Government" to create a better management style, including more effective investment, in order to make the best use of our resource of capital.

In 2017, we established "Tsu City Public Facilities Comprehensive Management Plan" to create a more efficient system of managing buildings and lands that belong to the City, in order to make the best use of facilities and land-asset resources.

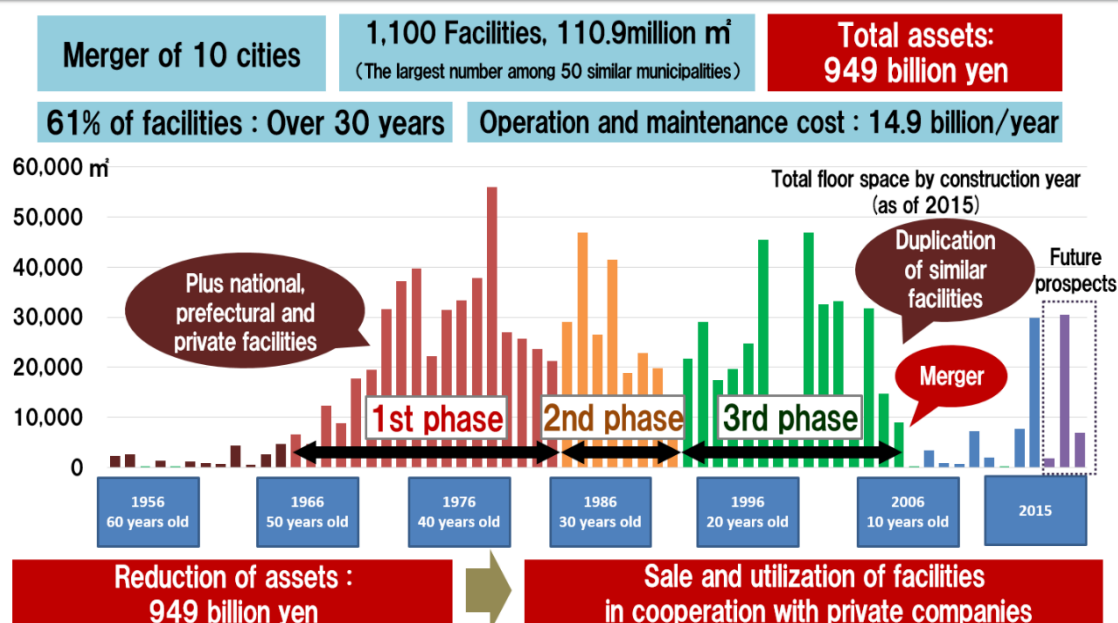
In 2018, we established new Tsu City Comprehensive Plan and Tsu City Urban Design Master Plan to implement all the above-mentioned plans through concrete actions, and also to connect with our past efforts and policies fitting into the next 10-year time frame.

【Challenges Facing the City】

A large amount of infrastructure and public facilities was built during the period of rapid economic growth in Japan, based on the assumption that population would grow and tax revenue would increase as they had in the past, and most of this is now in need of maintaining, repairing, improving and/or renewing. The cost of this is immense and many municipalities now face the great challenge of how to cover it.

In the 12 years since the merger, Tsu City has been facing the same issues as other municipalities under the current challenges of decreasing population and increasing cost of social welfare due to the failing birthrate and ageing population. We have also reached a turning point of our financial framework. Tax allocation to local governments has been reducing since 2016 as the central Government gradually scales back preferential tax allocation measures for newly-merged cities. Redemption of local bonds issued by new cities has also started. Under these conditions, we need to tackle the issue of decaying public infrastructure and public facilities.

Overview of Tsu, Current Situation and Issues of Public Facilities



【Our Approach to the Challenge】

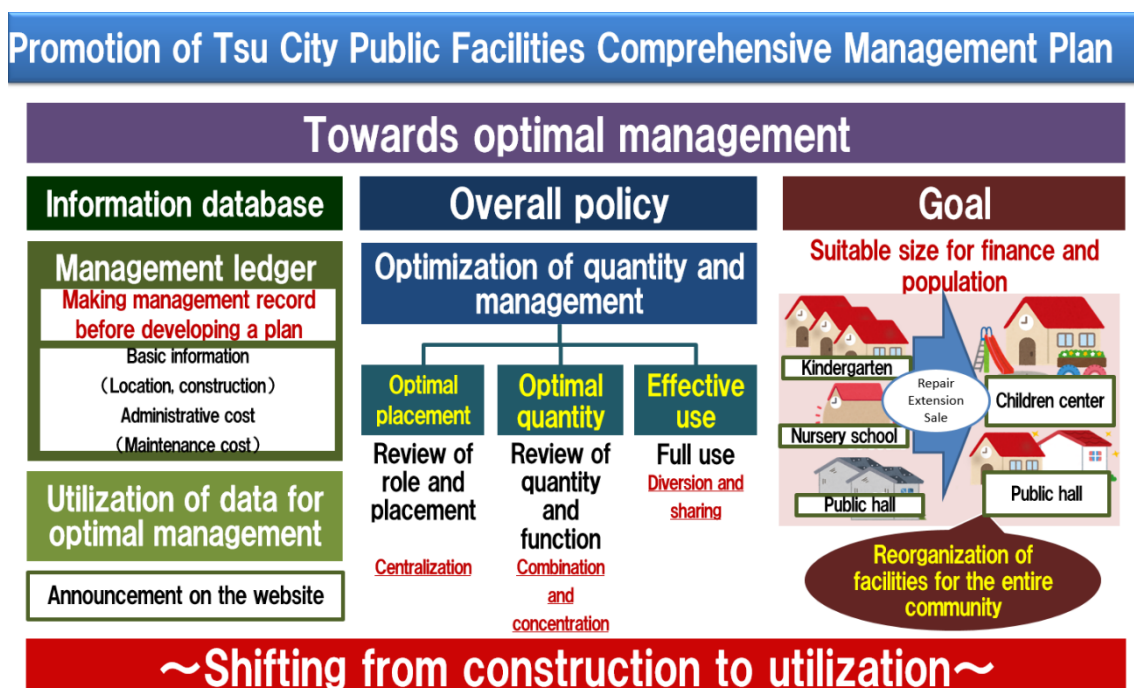
“Tsu City Public Facilities Comprehensive Management Plan” was established in January of 2017 to clarify the current state of public facilities and related issues, and to show the course of action Tsu City will take to address them.

In the plan, we hold up our aim to create new investment resources and more capital through use of the limited finances we have at the moment. To do so, we need to use several channels to make the most use of our public facilities;

combining current facilities, sharing the functions of each facility between multiple communities, selling or lending unused lands & buildings, creating new uses for unused space within those facilities, and introducing PPP/PFI methods to their management.

Our plan has the characteristics of optimizing the management of facilities, not through sorting them by category and setting a strict reduction target for each category, but through coordinating various aspects of each facility based on characteristic of the regions in which they are situated, their intended use, relationship with other facilities (e.g. elementary schools) and then working to decrease the total number in the City.

This is because we are expected to improve the level of citizens' satisfaction as well as to make our facility management more efficient. We aim for higher satisfaction from the citizens by responding to their latest needs. For example, in facility management, combining the functions of various facilities can offer a one-stop service to citizens.



【Communication with Citizens】

Communication with citizens is vital in optimizing the total number of public facilities and their management. Citizens include the ones who directly use the facilities and the others who do not directly use the facilities but bear the maintenance and operation costs of the facilities through taxes. It is necessary for us to take into account the various points of view held by these citizens.

Therefore, we utilize a specific framework to examine this issue, considering the

views of members of the community where the facility is situated, the users of the facilities, and also input from third parties and professionals of facility management.

To have meaningful communication with citizens, we are committed to disclosing necessary information on the current situation and issues faced by the City.

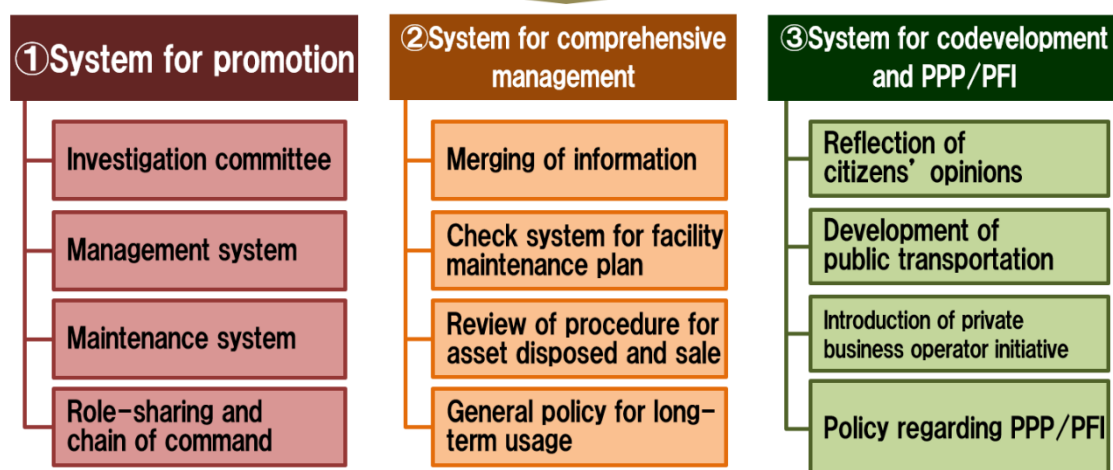
【Working Together with the Private Sector】

To succeed in managing our public facilities while responding to the various needs of citizens under the current, tight fiscal situation, it is necessary for us to draw upon the specialist knowledge and capital of the private sector. We are looking to work with private business to apply their management methods to the selling and lending of unused lands and buildings, while promoting PPPs (public-private-partnerships) and the PFI (private-finance-initiative).

To this end, we are working to disclose information related to public facilities, so that private companies may come up with novel ideas for the use of those facilities. In addition, we have been strengthening the development of human resources to work with the private sector. These efforts are necessary as the public sector begins to adopt private-business-style management attributes such as the ability for expedited decision-making and a sense of cost performance.

Moving the Project Forward

System and strategy to make Tsu City Public Facilities Comprehensive Management Plan effective



【Tsu City Public Facilities Comprehensive Management Plan – Framework】

The promotion and management of public facilities is not only the responsibility of the Facility Management Department, but involves the City Government as a whole. Therefore, the “Discussion Group for Promotion of Tsu City Public Facilities Comprehensive Management Plan” was created – consisting of the Mayor, 2 Vice

Mayors and executive officials of the City Government – and designated as a decision-making body. Previously, we had managed public facilities as buildings belonging exclusively to their respective departments within the City Government. Presently, however, we consider public facilities in the context of their function in a community, managing them in a cross-sectional way, beyond each department's boundary of authority.

One example is of the centers used for the after-school childcare programs. When the number of children exceeded the capacity of a given center, it was always a matter for the Board of Education, who holds the authority over educational buildings, to decide whether/how/where an extension is built. However, we now see it is a matter for the community in which the center is situated, and discuss solutions in a cross-sectional way. If there is a publicly-owned kindergarten nearby which has seen a heavy decrease in the number of children, we can discuss a way to use some of the kindergarten's rooms as an extension to the after-school care center, a process which involves several departments related to public facilities in the area.

We also invite experts in the fields of asset management and construction as our advisors to this discussion group, and we ask for their advice and guidance in order to lend objective, expert views to our reform of public facility management. In addition, we have invited officials in charge of public facility management in other leading municipalities, and have held several conferences of up to 100 attendees, with more such activities on the horizon.

【Tsu City Public Facilities Comprehensive Management Plan – Public Opinion】

Before establishing the “Tsu City Public Facilities Comprehensive Management Plan”, we surveyed citizens' opinions on various topics pertaining to the City Government, such as the issue of aging public facilities. This survey, sent to 3,000 randomly-selected participants, gave us insight into the views of citizens in various communities across all age groups, which we took into consideration during the drafting of our plan. Once the draft was completed, we posted it on our homepage and sought public comments. After reflecting on the opinions collected from these comments, we held a counsel with the Tsu City Assembly.

Since the Plan was established, we have been providing information about it through multiple channels such as a Cable TV city-information program, a video of the Mayor's interview on YouTube, a series of articles in publicity papers, and a press conference with the Mayor.



The Mayor's Press Conference

【Tsu City Public Facilities Comprehensive Management Plan

– Disclosure of Official Information and IT Utilization】

As one of our concrete measures to promote the Plan, we introduced an internet auction system to sell unused public assets such as idle lands and deteriorated buildings, opening up the process to a much wider range of potential bidders than would be possible using conventional methods of public bidding. We currently use the “Yahoo Auction Site for Public Property of Government and Municipal Offices” as an open platform of providing information on our facilities, due to the site’s high operability and user-friendly interface.

We have also established a public “record of facilities” containing detailed information about individual facilities, and “data on facilities” which shows the current, overall situation regarding public property assets.



Yahoo Auction Site for Public Property of Government and Municipal Offices



Record of Facilities

【Tsu City Public Facilities Comprehensive Management Plan – Model Projects】

In 2017, we established “Misato no Oka Gakuen” which is the first 9-year compulsory school in Mie prefecture, offering both elementary and secondary education in one school. To make this happen, we combined 3 elementary schools and 1 junior high school whose number of students had been declining severely, and built a new school building to provide students with a unique, high-quality educational environment

At “Misato no Oka Gakuen”, we are now able to provide distinctive lessons in English and Community Studies to students as well as a better environment for those working at and visiting the new school building, while dramatically cutting the cost of school management.

Another example is the establishment of the nursery school, “Tsu Midori no Mori Kodomo En” in April of 2018, a facility which provides both day-care and pre-school education to children. It is common that day-care is provided at day-care centers and pre-school education provided at pre-schools respectively, and parents must make the decision which to register their children for. However, “Tsu Midori no Mori Kodomo En” was established through the merging of 1 day care center and 3 nurseries to offer both day-care and pre-school services in one location. This is a response to various societal factors, such as a change in needs of child-raising, increased demand for day-care and decreasing numbers of children enrolled at pre-schools.

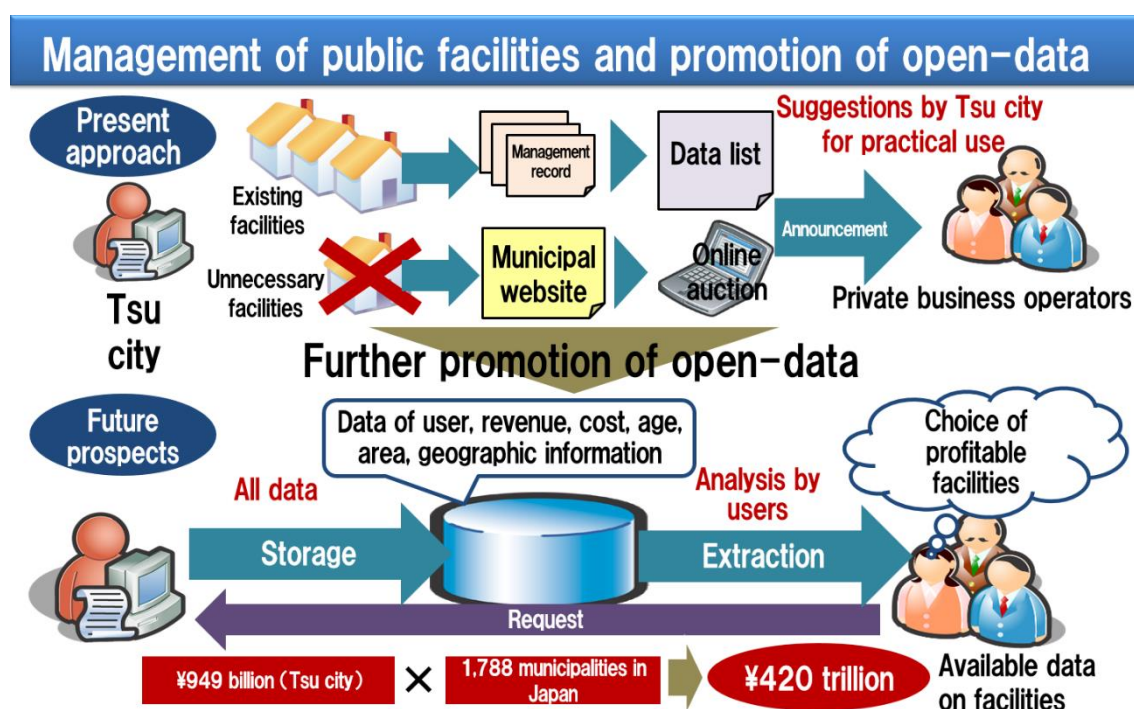
When we established “Tsu Midori no Mori Kodomo En”, we renewed the buildings and premises of the closed pre-schools, re-tasking them as community centers, something which citizens living in the area had been requesting for a long time. We try our best to respond to the wishes of citizens while also working to minimize the number of public properties, looking ahead to the future of the City.



**Misato no Oka Gakuen (The first 9-year compulsory school in Mie Prefecture,
offering both elementary and secondary education in one location)**

【Further Promotion of Open Data】

Working together with the private sector, it is important for us to disclose potentially-useful information. We have been preparing a platform which will allow the end-user to analyze data relating to our public facilities, such as facility users, revenue, operating costs, age, area, and geographic information. Furthermore, we are considering establishing a system where private companies can request data from the City for a business-feasibility assessment of buying or renting a given property.



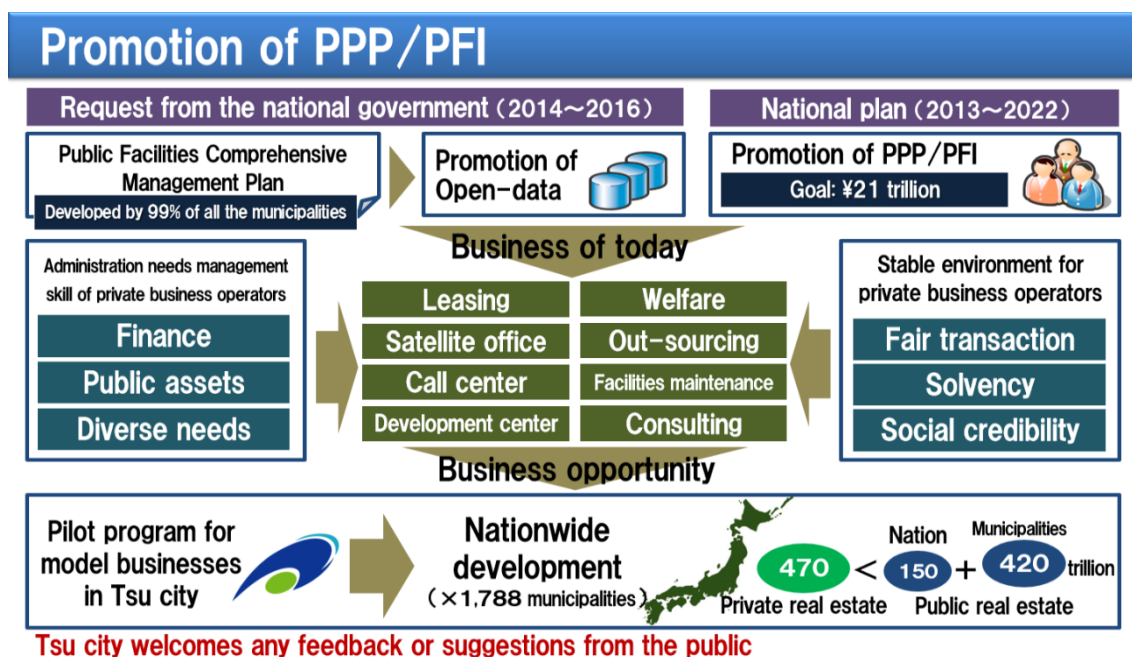
【Promotion of PPP/PFI】

Many municipalities in Japan have been facing the issue of aging public property, which has resulted in a movement towards open-data. In addition, the Japanese Government has set a target of expanding PPP/PFI projects to a scale of 21 trillion yen in business by year 2022 in their Action Plan, and have started introducing new measures related to real-estate asset management and fund-raising. Local governments must also make use of the abilities of the private sector in order to address the challenges posed by a rigid financial situation, aging and unused public properties, and diversified needs of citizens.

Public property has traditionally been managed by the National Government and local municipalities, and consequently there is no clearly-defined allocation of private rights for such properties. In addition, the Government and local municipalities carry out real estate transactions based on a fair price set by appraisal. This system is believed to be highly beneficial to private companies

who seek a stable business environment.

Public properties sometimes include lands containing large-scale and quakeproof buildings. In cases where such properties are no longer of use to local governments as public-work projects, they may be useful for private companies, for example as a satellite office or call center. The total amount of real estate in Japan is said to be valued at about 2,400 trillion yen, of which municipality-owned public property amounts to about 420 trillion yen, compared to the value of private property at around 470 trillion yen. The amount of public property held by the National Government amounts to about 150 trillion yen, bringing the total real-estate market value of public property in Japan to 570 trillion yen. Tsu City Government is making concrete efforts to better utilize our public land assets. We have set up a contact window at the Administration Management Division within General Affairs Department of the City Government to take in various proposals from private companies, and will continue our progress towards open-data to disclose useful information on our land assets to encourage pioneering business enterprises.



【Business Opportunity Arising from Effective Utilization of Public Property】

There have likely been situations where it was challenging for private companies to do business in metropolitan areas, due to a lack of available lands and buildings. However, an environment to expand business has been established and it is now possible to do business outside metropolitan areas because of well-prepared infrastructure and advanced IT techniques.

At the same time, the current context of decreasing population has resulted in an excess of public assets, allowing both National and local Governments to offer

these assets to private companies as a stable platform to expand their business.

Likewise, the Japanese Government and local municipalities will promote open-data on their public facilities, and there will be a massive amount of data related to those assets. This environment presents an excellent business opportunity for private companies who have expertise in asset management and market analysis, and at the same time local municipalities should take the opportunity to learn from this private-sector 'know-how'.

In addition, the Japanese Government and local municipalities will actively introduce PPP/PFI projects. Once an effective framework of public-property utilization is established, it will be an advantage for private companies to expand their business, seeking out the best-suited property among those provided by 1,788 local municipalities.

The result of this will not only be to resolve the issues faced by local municipalities regarding public facilities, but also benefit communities through the creation of new business and employment.

Tsu City always welcomes any ideas private companies have for the use of our public facilities in their business.

■ 連絡先

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