

# Policy and Fiscal Management of Yokohama City



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–Yokohama: Where Both People and Companies Shine–
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# Yokohama, An Enchanting City

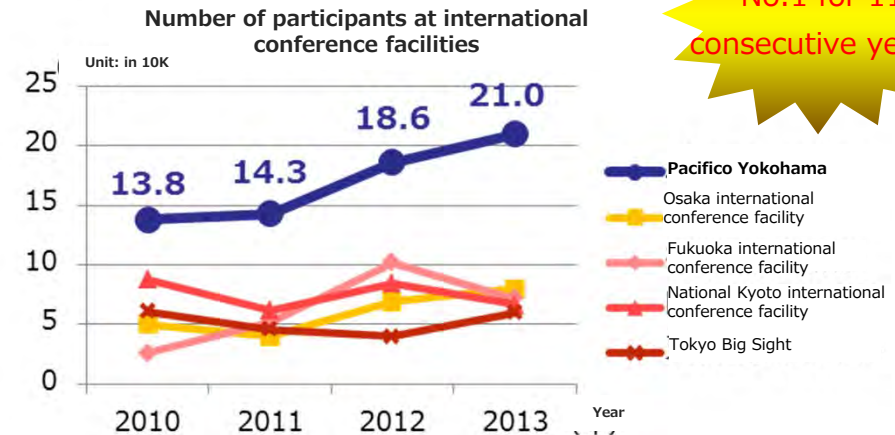




# Yokohama, An Enchanting City

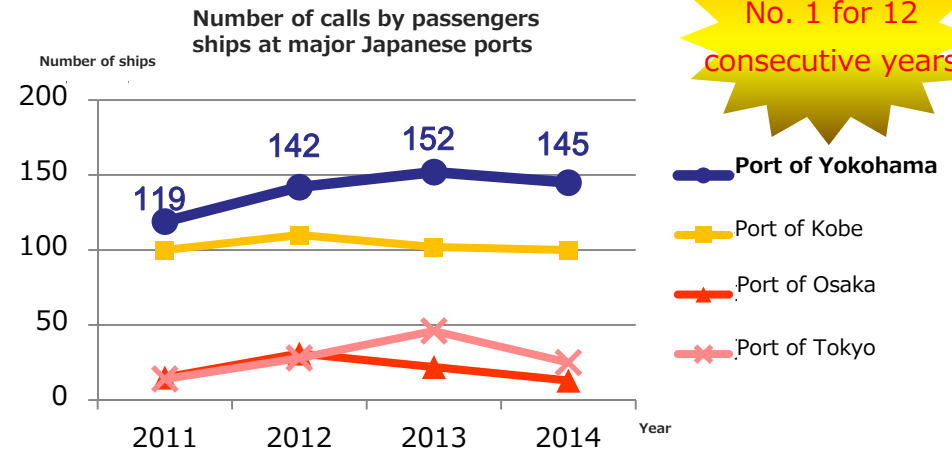


- Total number of visitors to Pacifico Yokohama: 4.2 million (Reached 4 million+ visitors for the first time since opening)
- Ranked No. 1 in Japan for the largest total number of participants at International conference facilities



**No.1 for 11 consecutive years!**

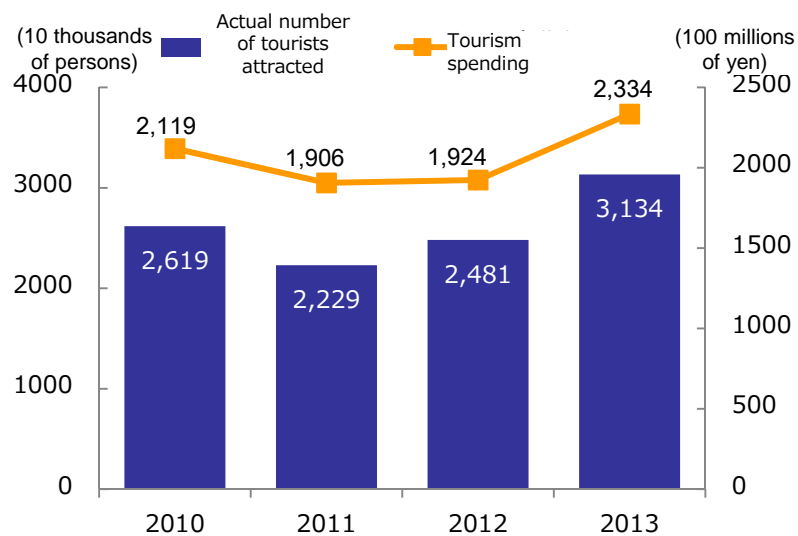
- For the 12th consecutive year, the Port of Yokohama ranked first in the nation for the largest number of passenger ship calls.



**No. 1 for 12 consecutive years!**

# Yokohama, An Enchanting City

- Record-high levels of tourists and amount of tourism spending
- Annual occupancy rates at major hotels in the city averaged 86.5% (2014)



- "Culture City of East Asia 2014" (Host city: Yokohama)



# Yokohama, An Enchanting City

## Minatomirai 21 District ~Destined to Lead~

Number of visitors to the district: **76 million** (up approx. 4 million yoy)

Number of workers in the district: **98,000** (up approx. 5,000 yoy)

Number of offices: **around 1,730** (up approx. 10 yoy)

(actual numbers for 2014)

### Recently Opened Facilities

- ANNIVERSAIRE Minatomirai
- PRYME GALLERY Minatomirai
- Yokohama i-Mark place etc.

### Expected Entries By Corporations

- **Shiseido Company, Limited**
- **Apple Inc.** etc





# Community Development Strategies for the Future

The 2014–2017 Yokohama City Mid-Term 4-Year Plan  
–Yokohama: Where Both People and Companies Shine–

## Transition Stage as a City

### Target Areas for Long-Term Improvement

- Population Decline / Super-aging Society
- Aging Urban Infrastructure and Housing Stocks

### Opportunities for Rapid Progress

National Strategic  
Economic Growth Areas

Further  
internationalization of  
Haneda airport

2020 Tokyo Olympics and  
Paralympics

Culture City of East Asia

Global MICE City

The 2014–2017 Yokohama City Mid-Term 4-Year Plan  
–Yokohama: Where Both People and Companies Shine–

(Based on Yokohama City Council Basic Code, Dec 26<sup>th</sup>, 2014)



**Resolutely taking up the challenge of opening up the future by attracting people (especially young families with children and youth) and companies**



**Community Development Strategies for the Future**  
**- Solid strategies for community development targeting 2025**



## Creating a Nurturing Environment for Child-Raising

### Continuous Childcare Support



■ Maintenance of “zero waiting list” policy for childcare centers

■ Provision of after-school care  
Planned for every elementary school in the municipality by 2019

■ Expansion of child medical care aid  
Up till 3<sup>rd</sup> graders (in Oct, 2015)

Providing a gateway to grade school success

### Youth Support for Independence



Yokohama Science Frontier High School

■ Development of global talents

The establishment of funds for youths aiming for global success

■ Promotion and development of special-focus magnet high schools

Change of Yokohama Science Frontier High School to a school with a unified lower and upper secondary school program in 2017

## Supporting Women's Success

The Realization of a City Where Women Can Prosper in the Workplace

- Promotion of networking and career building opportunities
- Promotion of and support for entrepreneurs
- Support for continued employment

Goal: 30% of leading positions held by women



Japan/Africa Business Women exchange/public symposium  
(February 3<sup>rd</sup>, 2014)



OECD High level global forum  
(April 3<sup>rd</sup>, 2014)



International Symposium for making society where women are gleaming with hope and comfort  
(WAW! Tokyo 2014)  
(2014.09.13)



**Promoting the health of 3.7 million citizens**  
Targeting the longest healthy life-span in Japan



**New town development with a health-centered focus**

- Promoting healthy lifestyles to create a vivacious Yokohama spirit

Yokohama Walking Point

Target registration number:

300,000 in 2017 (the largest scale in Japan)

Collaboration with private companies

Expansion of Walk Biz

Creation of new health-related services

- Fuller and better medical services

- Promotion of coordination between medical and nursing care in the home

Centers of at-home medical coordination -> in all wards (FY2017)



Promoting health-building through a Yokohama-wide effort

## A Dynamic Yokohama Economy

The primer of Yokohama's economic growth!

### ■ National Strategic Economic Growth Areas (announced on May 1<sup>st</sup>, 2014)

Promoting the development of advanced medical services administered by the Yokohama Clinical Research Network (Agreement with 15 hospitals [as of April 2015])

#### Medical Care Law Case Study

(The mitigation of hospital bed regulations)

Plans are in place to develop diagnostic and curative pharmaceuticals, and improve high-level medical care at the Yokohama City University Hospitals. Additional hospital beds will be provided to aid this development



New research building for the Advanced Medical Research Center of Yokohama City University

#### Steps Toward Implementation

Research Outcomes

Diagnostic and curative pharmaceuticals

Regenerative medicine

Medical equipment

Expected Results

Contribution towards citizen's health

Stimulation of industry

Foundation of an Academic city



Hub for the implementation of IPS cell technology

## Active attraction of corporate siting and reinforcement of industrial sites

### The new Corporate Business Investment Special Assistance Ordinance

(April 2015 ~ March 2018)

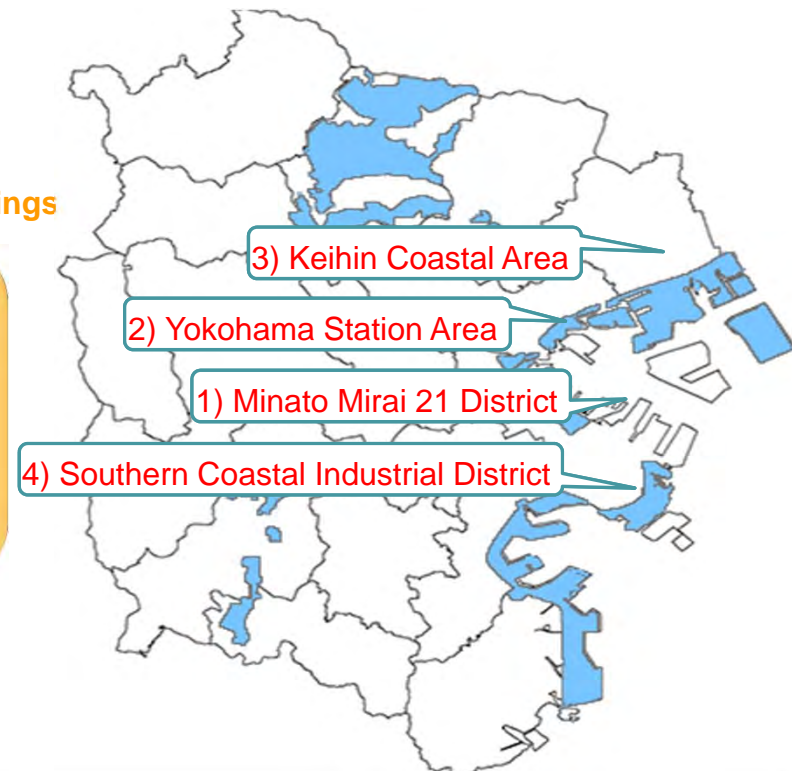


Creation of an attractive assortment of measures for assistance

- Augmentation of assistance in **priority districts x growth/development fields**
- Institution of new assistance for **construction of tourism and MICE facilities**
- Re-introduction of assistance for **construction of rental office buildings**

Priority assistance for four districts on the list of specially designated districts

Subsidies for investment  
 Subsidy rate: **max. 12%**, Subsidy amount: **max. 5 billion yen**  
 Subsidies for tenants  
 Amount equivalent to the corporate citizen tax: **max. 400 million yen** (500 million yen in the case of foreign-affiliated firms)



Strengthening of activities to attract siting by **Japanese and foreign-affiliated firms**

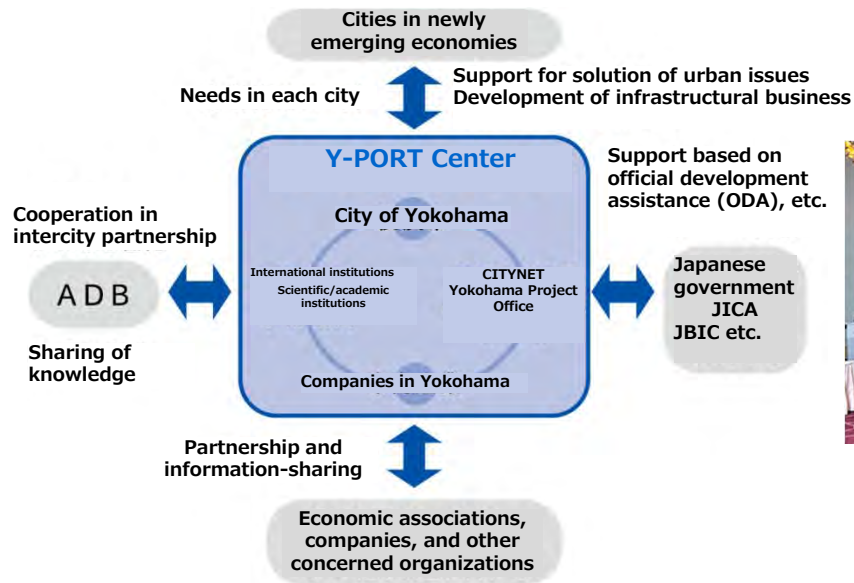


# Y-PORT (Yokohama Partnership of Resources and Technologies) Through Public – Private Cooperation

Built the “**Y-PORT Center**” to aid the resolution of urban problems in developing nations and promote overseas infrastructure business development of companies in the city



Approaches by small and medium enterprises in Yokohama through intercity partnership with the cities of Cebu, Da Nang, and Bangkok



3rd Asia Smart City Conference (October 2014)



Demo project concerning sludge treatment in Cebu (June 2014)



Business matching in Bangkok (October 2014)

Establishment of the first city-wide International Affairs Bureau in the nation and promotion of the Y-PORT Project as a pillar of the bureau's operations

## Revitalization and Functional Enhancement of the City's Seaside Area

**Higashi-Kanagawa seaside area**

**Yokohama Station Area**

**Minatomirai 21 area**

**Yamashitafutou**

**Kannai/Kangai Area**

Future image for near Yokohama station

Mice facilities

Image for LRT

New City Hall

Yamashitafutou



## Developing Global MICE City

### ■ Construction and maintenance of new MICE facilities

Minatomirai 21 district 20 block

(Expected completion by 2020)

Yokohama city's first use of  
the Concession method



### ■ Enhancement of the ports' capacity for passenger ships

Re-developing terminal for passenger ships at

Minatomirai 21 district (new port district)

(Expected completion by 2017)

Developing terminal for accepting supersize passenger ships

(at Daikoku futou)

### ■ Investigation into the prospect of

IR (Integrated Resort) Projects





## The Creation of a Cultural Hub and a Vibrant, Active and “Green” City



- A distinctively Yokohaman festival of the arts (Dance Dance Dance @ YOKOHAMA 2015)
- A cultural program coinciding with the 2020 Tokyo Olympic and Paralympic Games
- Promotion of the growth of creative industries (Use of the former Kanto Local Finance Bureau as the core facility)

- Hosting the National Urban Greenery Fair in Yokohama (2017)
- Greening of the central waterfront district



National Urban Greenery Fair in Yokohama  
conceptual drawing (Grand Mall Park)

## Revival and revitalization of suburban areas

■ Promotion of use of the former sites of US military facilities

2014: return of Fukaya

2015: return of Kamiseya

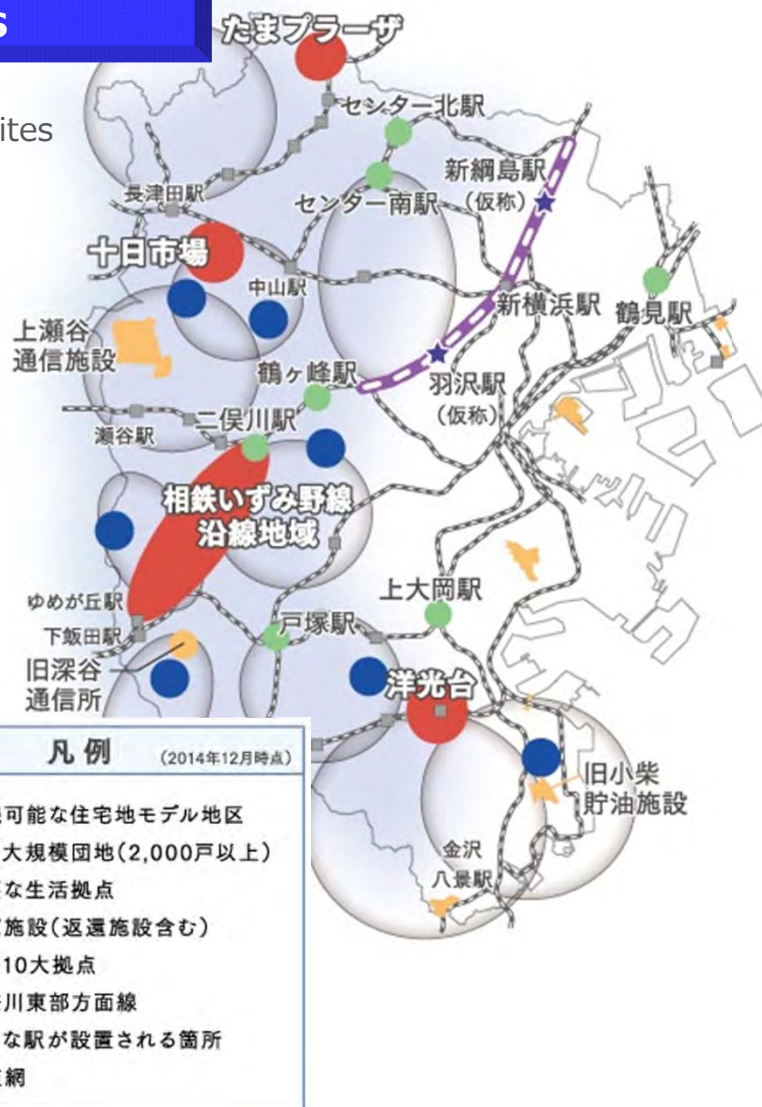
-> equivalent to roughly 120 Yokohama Stadiums



Kamiseya Communication Station (about 242 hectares)



The former Fukaya Communication Site (about 77 hectares)



■ Model project for sustainable residential tracts



Promotion of approaches in coordination with communities and companies

Spread of cases of success to all wards



Selected to be a case study city in the OECD project titled "Sustainable Urban Development Policies in Ageing Societies"

## Community Development For A Disaster-resistant City

Promotion of anti-disaster initiatives coordinating self, mutual, and public assistance

- Achievement of a city resilient to heavy local rainfalls

Measures to prevent disaster from landslides

Measures based on damage forecasts using hazard maps for inner water and inundation



Preventing the spread of fires through mutual assistance by the community

The Yokohama City Earthquake Preparedness Strategy disaster-mitigation targets (halving of the number of deaths etc.)

	Estimated loss & damage	Mitigation targets (percentage figures in parentheses)
Number of buildings totally destroyed or burned down	About 112,000	About 56,000 less (50% decrease)
Number of deaths	About 3,260	About 1,630 less (50% decrease)
Number of evacuees	About 577,000	About 230,800 less (40% decrease)

- The construction of a city that is resilient to fire

Instatement of new fire prevention regulations

Earthquake- and fire-proofing of buildings etc.

- Promotion of self- and mutual-assistance

The training of personnel for disaster prevention and mitigation

Renewal of the Municipal Disaster Prevention Center (April 2016)

3,000 persons (2022)

Target year for the achievement of disaster-mitigation goals in the Yokohama City Earthquake Preparedness Strategy: 2022



## Strengthened City Infrastructure



高速鉄道3号線の延伸

Expected to open in FY2019

神奈川東部方面線

Expected to open in 2021 ※ 1

横浜環状北西線

Expected to open in FY 2016 (Yokohama Kanjyo Kita sen)

横浜環状北線



Maintenance and renewal of city infrastructure:

Constructing a safe and sustainable city infrastructure and promoting a sustainable city development

新規ふ頭

Approx. 140 h.a.

南本牧ふ頭



横浜環状南線

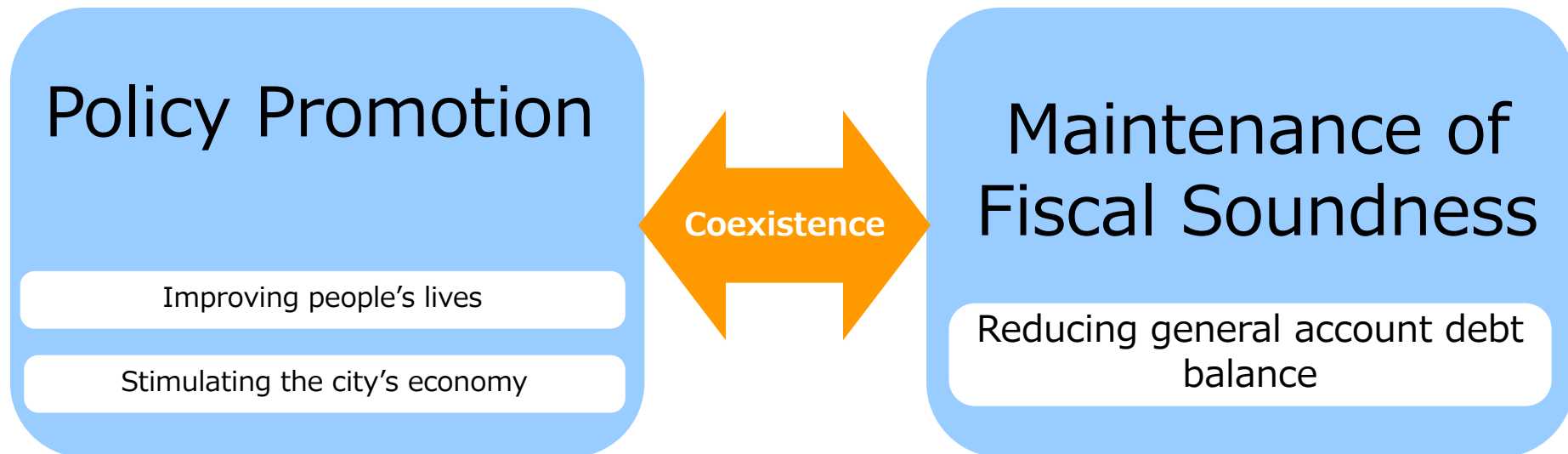
Expected to open in FY2020 (※ 2)

※ 1 Investigating to shorten project  
 ※ 2 In the case of completing the acquisition of the site early based on Land Expropriation Act  
 (Forecast of project by country)

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# Administrative and Fiscal Management to Support the Mid-term 4-year Plan

## Coexistence of “Promoting Policies” and “Maintaining the Fiscal Soundness”



### Point of coexistence

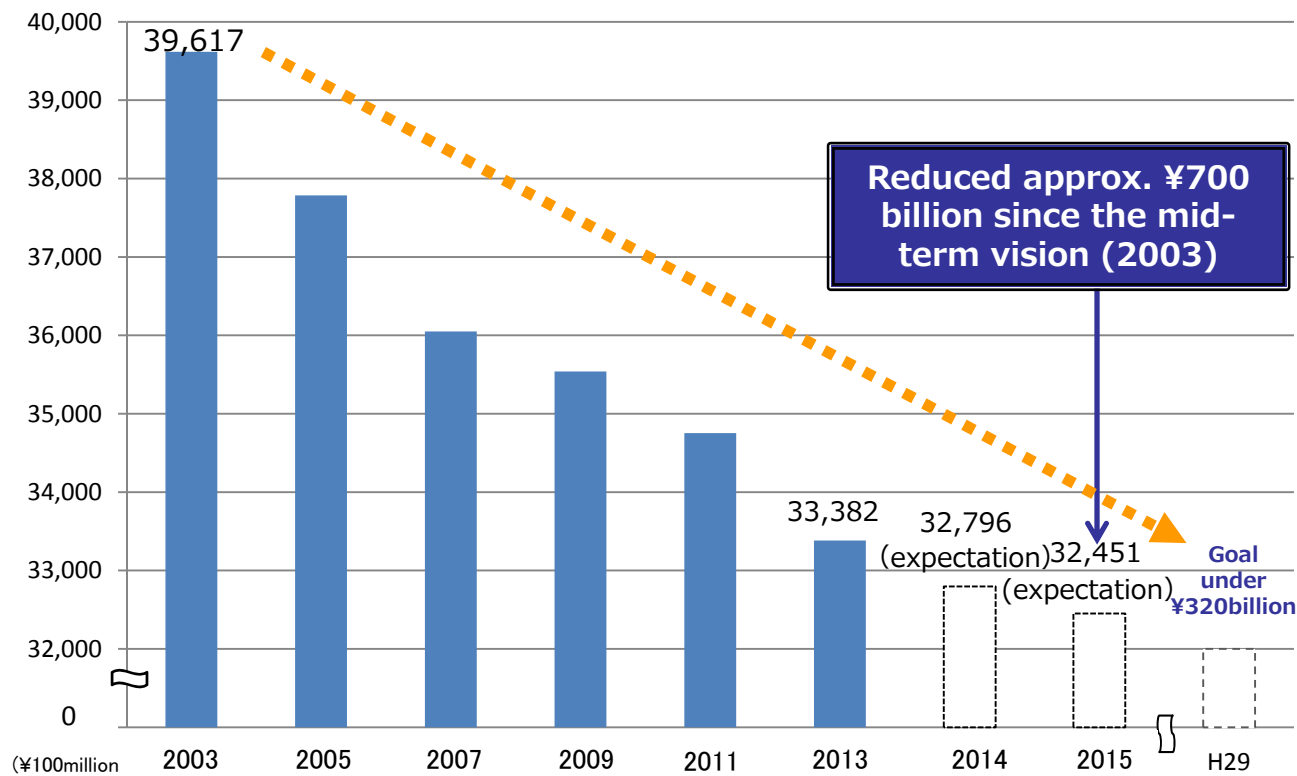
- ① Reduction of general account debt balance under **3.2 trillion** by 2017
- ② Systematic use of municipal bonds in the general account in the 2014-2017 mid-term 4-year plan, within the scope of **600 billion yen** based on items including the Debt Repayment Index



■ "Planned Use of Municipal Bond" and "Reduction of General Account Debt Balance"

Reduction of general account debt balance to below **3.2 trillion** by 2017

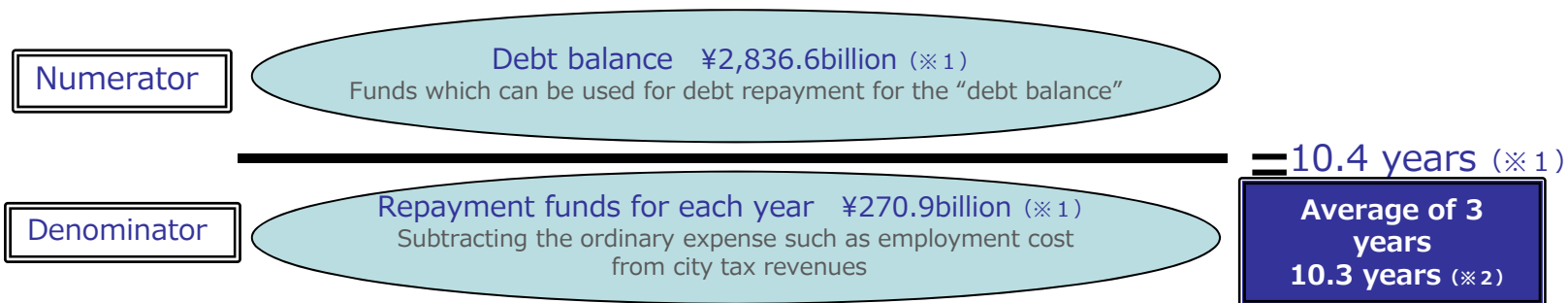
Transition of general account debt balance



■ “Planned Use Of Municipal Bond” and “Reduction Of General Account Debt Balance”

Systematic use of municipal bonds in the general account in the 2014-2017 mid-term 4-year plan, within the scope of **600 billion yen** based on items including the Debt Repayment Index

The “Debt Repayment Index” Concept



\*1 ...Figures are from the single-year financial statement for FY2013.

\*2 ...The figure consists of the average for the three-year period including this fiscal year, as in the case of, for example, the real debt payment ratio, which is applied in assessments of financial soundness on the national level.

In addition to the approaches taken thus far for fiscal health improvements, the active use of municipal bonds for should be emphasized as a strategy for Yokohama City’s debt balance management, bearing in mind **the necessity to upkeep a sound level of outstanding debt, which takes into consideration the size of the municipal revenue from city taxes etc.**

- Systemic utilization of municipal bonds and measures to reduce outstanding general account debt

### Outlook for Various Financial Indicators During the the Mid-term 4-Year Plan Period

(At the time of release of the FY2015 budget)

Item	FY2015	FY2016	FY2017
Debt Repayment Index	10.3 years	Basically trending on the order of 10 years	
Real debt payment ratio	About 17%	Basically trending between roughly 16-17%	
Primary balance in the Yokohama formula	Down by 18.8 billion yen*	Down by about 5 billion yen	Basically at equilibrium
<b>Outstanding general account debt</b>	<b>3,245.1 billion yen</b>	<b>No more than 3,200 billion yen as of the end of FY2017</b>	

\* Plus 18 billion yen in the case of the national formula (FY2015)

Promote the fiscal management of Yokohama based on the Yokohama City Ordinance for Promotion of Responsible Fiscal Management into the Future (enacted in June 2014)



■ Promotion of fiscal operations that provide quick and flexible responses to citizens' needs

Continual financial and administrative reform for thoroughgoing reduction of expenditures and securing of funds

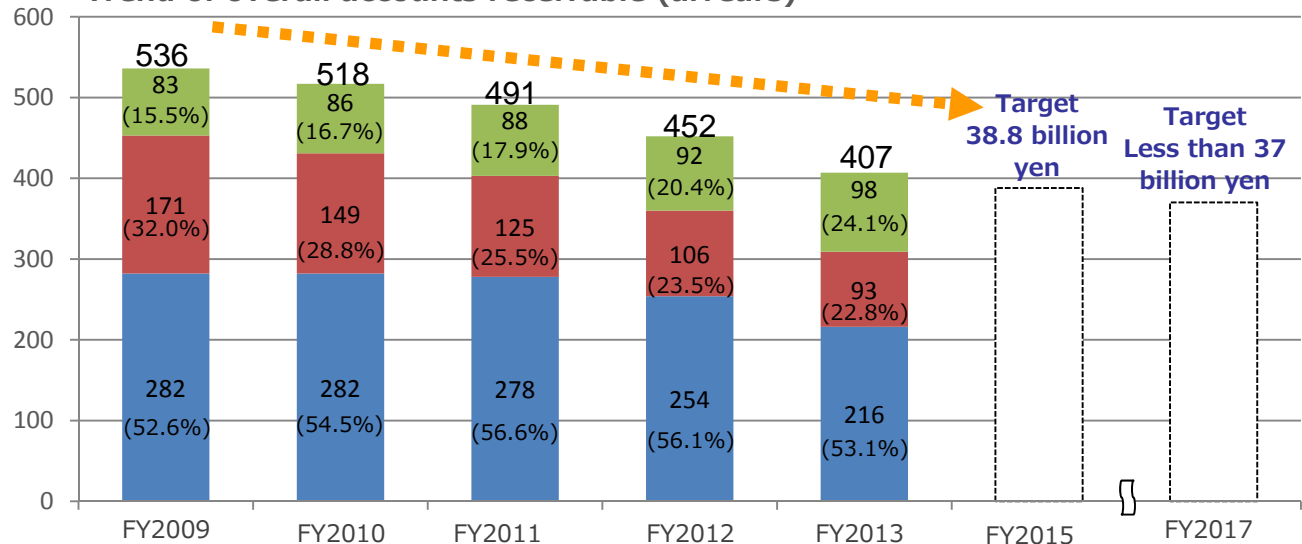
Appropriate and efficient execution of public work projects



■ Strengthening Yokohama's financial base: stable procurement of funds

Preventive measures against arrears, promotion of fair and appropriate tax administration

(¥100million) Trend of overall accounts receivable (arrears)



■ Other  
■ Municipal tax  
■ National health insurance premiums

Figures in parentheses ( ) are component ratios.

\* The amount of arrears (financial statement figure), excluding arrears arising due to temporary and special factors, i.e., expense of substitute execution of final disposal of industrial waste by administration (FY2013: 4.3 billion yen) and the payment of damages due from Tokyo Electric Power Company (FY2013: 1.7 billion yen).

■ Strategic, active use of public property

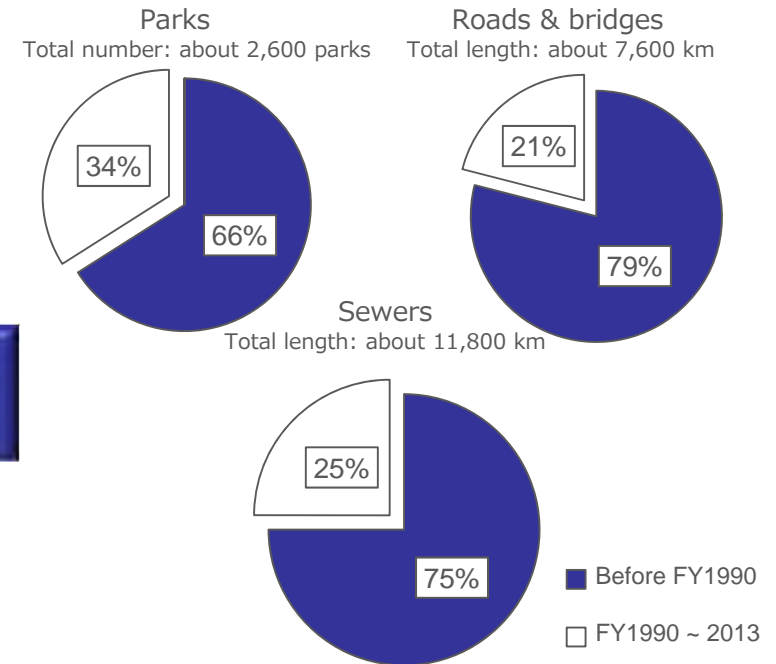
Effective utilization of assets from a managerial standpoint  
 Basic policy on management of public facilities and use of assets

■ Provision of fiscal information in an easy-to-understand way

Enhanced information provision utilizing public relations pamphlets and information and communications technology (ICT)  
 Measures for new regional public accounting system

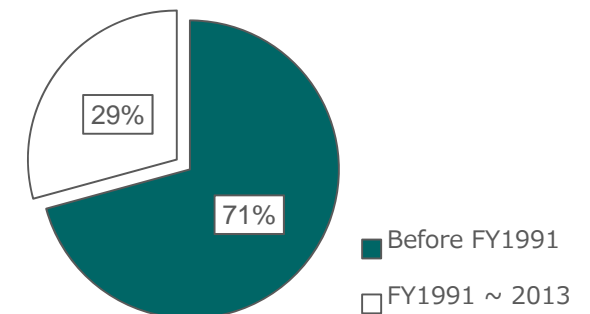


Breakdown of urban infrastructure facilities by year of availability commencement



Construction of public buildings

Total number of facilities: about 2,500  
 Combined constructed floor area: about 10 million m<sup>2</sup>



■ Intensive Review of Administrative Operations

Reduction of internal administrative expense and modernization and process improvement  
 Review of various support for affiliated entities

**2015 Operational Review:  
 1,092 reviews, ¥10.2billion reduction  
 (1,090 reviews, ¥10.8 billion in FY2014)**

(Major reductions)

- **Review of internal expenses:**  
 Review of employment cost  
 (retirement allowance, housing allowance, etc.)
- **Efforts with regard to privatization/outsourcing**
- **Review of usage fees**
- **Review of modernization and process improvement**  
 Review of subsidies and commission fees for affiliated entities





■ Use of ICT for increased efficiency in operations and responses to social issues

■ Exhaustive reform of government-affiliated organizations

■ Cultivation of human resources and the workplace environment to strengthen teamwork at city hall

■ Fuller administrative services in the hospitality aspect and promotion of coordinated administration

(Unit: ¥100 million)

(As of announcement of  
FY2015 budget)

	FY2015 Initial budget	FY2016 Estimation	FY2017 Estimation	Total of FY2015-2017
<b>Revenue</b>	<b>14,950</b>	<b>14,800</b>	<b>14,900</b>	<b>44,650</b>
General Sources	8,480	8,360	8,430	25,270
City taxes	7,080	7,140	7,200	21,420
Citizen Tax	2,920	2,960	2,990	8,870
Corporate citizen tax	550	520	530	1,600
Fixed assets tax	2,610	2,660	2,680	7,950
Local Allocation tax	120	120	100	340
Other (prefectural tax grants, etc)	1,280	1,100	1,130	3,510
City bonds	1,610	1,510	1,400	4,520
Specific revenue sources	4,860	4,930	5,070	14,860
<b>Expenditure</b>	<b>14,950</b>	<b>15,220</b>	<b>15,460</b>	<b>45,630</b>
Payroll costs	2,080	2,070	2,060	6,210
Bond repayment	1,860	1,900	1,880	5,640
Social benefit expenditure	4,380	4,510	4,680	13,570
Mandatory expenditure	1,540	1,650	1,750	4,940
Maintenance costs for facilities, etc.	2,360	2,360	2,360	7,080
Administrative management expenses / optional expenditures	2,730	2,730	2,730	8,190
<b>Difference : Revenues – Expenditures</b>	<b>0</b>	<b>▲420</b>	<b>▲560</b>	<b>▲980</b>

Eliminating deficit:

- Reducing administrative costs through the intensive review of city projects
- Securing funds, prioritizing city projects by relevance
- Implementing new methods that break from the mold of past examples

## Specific Challenges for large cities

- Financial burden due to the aging society
- Inadequate tax systems, administrative overlaps between provincial and municipal systems

(Challenges for designated city)

Authority/Financial  
Resources

## Creation of a "Special Autonomous City" and promotion of active measures towards the future

### Benefit 1

Improvement of administrative services by eliminating overlaps

### Benefit 2

Economic revitalization through active policy development



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# Plans for FY2015 Budget Scale and Public Bond Offering

# FY2015 Budget Scale

## ■ General account increased by 5.4% yoy

Account Name	FY2015	FY2014	Change from the Previous Fiscal Year	Rate of increase/decrease
General Account	¥1,495.5 billion	¥1,418.2 billion	¥77.3 billion	5.4%
Special Account	¥1,394.7 billion	¥1,375.6 billion	¥19.2 billion	1.4%
Public Enterprise Accounts	¥591.8 billion	¥721.5 billion (570.2 billion)	▲ 129.7 billion (¥21.5 billion)	▲ 18.0% (3.8%)
Total	¥3,482.0 billion	¥3,515.3 billion (¥3,364.0 billion)	▲ ¥33.3 billion (¥118.0 billion)	▲ 0.9% (3.5%)

\*1: The figures in parentheses in the Public Enterprise Accounts and Total exclude the impact of the booking of retirement allowances, etc along with the revision of the accounting standards for Local Public Enterprises.

### Reason for change of general account

- Increase rate of cost for facility conditioning : +28.6%
- Increase rate of cost for assistance : +5.2%

## ■ Estimated city tax revenue is ¥709.5 billion (-1.4%)

- Reduction in corporate citizen tax
- Fair value adjustments of fixed assets.

## ■ Issuance Policy

Continue to adopt the “book-building method (spread pricing and uniform price release)” in public bond issues for all tenors and aim for adequate sales through dialogue with a wide range of investors

Promote meetings with investors to strengthen relationships with investors through the proactive provision of information

## ■ Issuance plans

FY2015 : ¥190 billion issuance (¥220 billion in FY2014)

(Unit: ¥100 million)

	Apr.	May.	Jun.	Jul.	Aug	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total	
Medium-term bonds	100			100			100			200			For institutional investors <b>1,740</b>	
10-year bonds	400			400			400			800				
Super-long-term bonds	100			100			100			200				
Flex quota	540													540
Hama-bonds (aimed at Yokohama residents)	40		40		40		40		40		40		160	For retail investors 160

\*Medium-term bond: bond over 1 year and less than 10 years



## ◎ Contact Information

Municipal Bond Section, Revenue  
Division, Financial Affairs Department,  
Finance Bureau, City of Yokohama  
1-1 Minato Machi, Naka-ku, Yokohama,  
Kanagawa 231-0023

Tel : 045-671-2240

Fax : 045-664-7185

Email : [za-sisai@city.yokohama.jp](mailto:za-sisai@city.yokohama.jp)

URL : (Yokohama City Home Page)

: (Yokohama City Bonds Home Page)

## ◎ Contact: Information regarding expanding into Yokohama City

Yokohama City Tokyo Promotion HQ  
4F Jutabi0arnsm 2-16-15 Hiraga-cho,  
Chiyoda-ku, Tokyo 102-0093

Tel : 03-3261-1891 (Attraction of  
enterprise team)

Fax : 03-3239-6265

Email : [ke-tokyo@city.yokohama.jp](mailto:ke-tokyo@city.yokohama.jp)

※The GQ will be relocated in May. Details will be  
updated on home page.

<http://www.city.yokohama.lg.jp/>

<http://www.city.yokohama.lg.jp/zaisei/sisai>