The challenge of strategic asset management in Japanese local governments
Based on the advanced case with the local governments in Japan-U.S. and a private sector

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I. Introduction

In 2006, accrual based accounting was introduced into the Japanese local governments and they have to prepare the Financial Statements based on accrual accounting from 2009. Under the progress of decentralization and the financial pressure, the Japanese local governments have been facing difficulties by the lean tax revenue by declining birthrate and aging population exists. This means that the Japanese local governments have to address with the challenges how to manage their assets and liabilities effectively and efficiently and provide public service for their citizens. Therefore, it is crucial for the Japanese local governments to introduce strategic asset management to explore the better way to manage existing assets. There are a few cases that lead to the better practices of strategic asset management in the Japanese local governments. This paper is to discuss and analyze the key success factors (KSF) for strategic asset management based on these good practices.

There can be pointed out 2 cases as remarkable in Japanese local governments, one is Hamamatsu City in Shizuoka prefecture and the other is Kitakami City in Iwate prefecture. Hamamatsu City that is an advanced local government for Japan is developing the city wide asset planning and control by introducing the accrual accounting. Kitakami City introduces the citizenry participation into planning and management of the new citizens hall constructed in 2003.

It is also significant to consider the applicability of the managerial concepts developed by real estate business which includes knowledge sharing and divisional responsibility.

And this paper also discuss about the mechanism of information sharing by the citizenry participation, preparing multiple-year budget, setting the priority, and monitor the results by citizens under the decision making process of the Capital Improvements Program (CIP) of Massachusetts state in the United States.

Based on these, I propose a desirable strategic asset management system in the Japanese local government.

II. Background

1. Circumstances of Japanese local governments

Under above circumstances, the large scale merger of municipalities had been promoted by the central government from 1999 to 2010. This has led to the results that the merged municipalities have so many facilities with similar functions and condition, especially strategic asset management has been recognized.
The financial resources of the local government have come from not only the local tax revenue but also the subsidies by the central government so far. However, under the progress of decentralization more autonomous way of public management should be required.

2. Mission of the local government

The role of the local government is to make better use of that have become superannuated resources that include personnel, assets, public money, and information economically, efficiently, and effectively, and to keep providing good public service to the citizens. In order to accomplish this, the Japanese local governments are required to make the administrative reform effort in the way of New Public Management. At first, they have to introduce the accrual accounting and double entry bookkeeping. This information is useful in valuation of assets and debts.

3. Necessity to newly structure the accrual accounting system in Japanese local governments

By Notification issued by the head of "Maintenance promotion of the public sector accounting" autonomy Local Finance Bureau (total financial affairs No.218) to each prefectural governor and each ordinance-designated major city mayor dated October 17, 2007,

1) Prefectural governments and the city of 30,000 people or more should prepare Financial Statements based on accrual accounting by fiscal year 2009.

2) Town and village and the city of less than 30,000 people should prepare Financial Statements based on accrual accounting by fiscal year 2011.

As of March 31, 2011, Financial Statements is prepared by all prefectural governments (47 groups) and 92.2% of the whole city town and villages (1716 groups) (Include ones while preparing). Total 34 cities in Iwate, Miyagi, and Fukushima prefecture are unanswered, and it is assumed an investigation off the subject by the influence of East Japan great earthquake in 11th March, 2011.

4. The challenges for Japanese local governments

The Japanese local government has to be responsible for the stewardship and accountability by promoting and developing the capacity of the public service delivery economically, efficiently, effectively. The steps for the Japanese local government to promote are as follows. At First, designing and developing the suitable management information system based on the accrual accounting. Second, Information sharing with citizens and involving them. Third, identifying the demand of citizens. Finally, based on the citizen’s demand, designing the suitable way to deliver the public service. This means, that administrative capacity should be extended to make use of all the resource that it can engage.

III. The difference of how to manage assets between U.S. and Japanese local government

1. The traditional practices of Japanese local governments
The annual cash basis accounting is still a formal rule by the council adopting the budget and budget execution results in Local Autonomy Act. The following disadvantages are inherent to these traditional practices.

1) Stocks (assets) have not been managed under the cash based budget and execution.
2) The capital expenditures and the operating expenditures are not distinguished, so, stocks (assets) have not been clearly recognized.
3) The concept of Capital Budgeting concerning the capital expenditures doesn't exist.

2. Local governments in United States

On the other hand, in United States, the accrual basis accounting has already been introduced, and the PDCA cycle is built into public management. According to the survey by the GPP\(^1\) (Government Performance Project), 58% of all state government, 48% of 40 counties, and 20% of top 35 cities in the United States officially have not only the stock and the flow management system, but also the liability management system. Moreover, the approach that settles on capital budgeting during two or more fiscal year is executed.

The following points of the asset management system in the United States local government are enumerated.
1) Prepare information useful for the decision making and evaluating.
2) Manage by dual aspects of assets and liabilities.
3) Attempt to form a consensus with the citizens and prioritize the project.
4) Execute the multiple-year appropriation.

IV. Approach of the asset management in Hamamatsu City

Hamamatsu City has been preparing the financial statements based on the accrual accounting in the Ministry of Internal Affairs, and Communications (Hereafter, it is said, "MIC") method revision model from closing of accounts in fiscal year 2005, and the representative of the local governments that works on the public sector accounting reform in Japan. Moreover, "Hamamatsu City Asset Management Promotion Policy" (Hereafter, it is said, "AMPP") was settled on in April, 2009, and it works on Facility Management (FM) as a part of the asset management. Here, it introduces the approach of Hamamatsu City that works progressively in the Japanese Local governments.

1. Outline of Hamamatsu City

Hamamatsu City in Shizuoka Prefecture merged with 3 cities, 8 towns, and 1 village in July, 2005 is 2nd largest city in Japan, and is located in the center part of Japan from Tokyo in about 200 km southwest. As of beginning of August, 2011, it is one of the ordinance-designated major cities (Total 19 cities) of about 820,000 people where industry such as SUZUKI (http://www.globalsuzuki.com/) of the auto manufacturer, YAMAHA MOTOR (http://www.yamaha-motor.co.jp/global/) of the two-wheeled vehicle, and Yamaha Co., Ltd. (http://www.yamaha.com/) of musical instruments accumulated.
2. Approach and background of the asset management in Hamamatsu City

1) Background

In Hamamatsu City, the several authoritative commissions were organized to consider about the possibility of introducing the private sector’s accounting and management methods to the public administration in middle of 2005. These efforts led to the formation of FM project team (Hereafter, it is said "FMPT") in 2007.

FMPT by the volunteers of planning section, administrate section, and architectural section is organized in the city in order to achieve "Action plan to promote the Hamamatsu City accounting reform".

FMPT discussed about "Necessity of the facilities relocation", "Disposal of the idle property", and "Repair for aging facilities" which were common problems to each section. At that time, the facility register like a clinical chart of deserted schools was prepared and analyzed by the member of FMPT as a pilot, and this information was shared with each section as a pilot case of the facility management activities. Thus, this attempt to share information on the unified base was the first step of asset management in Hamamatsu City.

Under these circumstances, the asset management section was set up in planning division April, 2008, and AMAP has been arranged as a policy of the asset management section in April, 2009 through the procedure reflecting the public comments from November 12, 2008 to December 12, 2008.

2) How is the asset management system

a. Formation of asset management in Hamamatsu City

The asset management section is newly established as a lateral organization in the city by planning division to address the asset reform in April, 2008, and this division has been reorganized into the umbrella organization of financial department since April, 2010. The role of the asset management section is to manage all information on the municipal properties in an integrated fashion and provide the necessary information when needed, and, moreover, to prepare the property register.

In fiscal year 2008, "Asset Management Promotion Conference" (Hereafter, it is said, "AMPC") which member consisted of the heads of seven related sections was set up to discuss and make decision of the asset management policy, respective projects, and the progress management concerning the asset management in Hamamatsu City.

b. Consensus building mechanism with citizens

When it was merged with other municipalities in July, 2005, the self-governing region system was set up in Hamamatsu City based on Local Autonomy Act. The self-governing region is composed of "Regional Council" organized with the regional administrative office and local citizen's representatives. When Hamamatsu City consults with the Regional Council, the council provides the report to reflect local citizen's voice and assumes the function to propose and solve the problem in the region.

Moreover, 18 Regional Councils exist in Hamamatsu City. The members of the Regional Council are composed of the local worthy and volunteers such as directors of the self-governing body and council member of the former municipality council. This mechanism requires consulting about the policy decided at the AMPC with the Regional Council where intended facilities exist. This mechanism is contributing to foster the consensus between the administration and the citizens (Refer to Figure 1).
3. Approach of asset management in Hamamatsu City

1) Preparation of the property registers

In Hamamatsu City, when the municipalities were merged in 2005, the whole assets were not identified under the context of political considerations. In order to start to manage these assets, it was necessary to valuate the condition of the whole assets owned by Hamamatsu City. Then, property registers were prepared according to the classification of Figure 2 by the asset management section in finance department.

In Hamamatsu City, municipal properties are about 2,000 of facilities and 1,700 of lands, and the investigation of all facility was done in fiscal year 2009. As a result of the investigation, the inventory of facilities was not corresponding to the actual condition, and the properties of 10% or less cannot be identified because of the manual based preparation.

It started preparing the property register from the one with large influence level, and it gives priority from facilities (700–800 places) received the beneficiary charge first of all among about 2,000 facilities.

As of the beginning of fiscal year 2011, the property register of all facilities and land owned by Hamamatsu...
City were prepared by the asset management section in the financial department.

**Figure 2  Classification of Assets**

<table>
<thead>
<tr>
<th>Possesed Asset</th>
<th>Administrative Assets</th>
<th>Other Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating Assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Planned Assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leased Assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Idle Assets</td>
<td></td>
</tr>
</tbody>
</table>

2) Rating framework for property registers

The property register for each facility is prepared and its items are set up by the addition of information of operating revenue and expenditures and the conditions of use onto the publicly owned property inventory based on the index of "Property evaluation business guidance in the new local public sector accounting model" issued by the MIC and “the Report of Public Real Estate workshop” organized by Ministry of Land, Infrastructure and Transport (Refer to Appendix 1).

There is a numeric evaluation in the property register up to the primary assessment and the secondary assessment (A, B), and the primary assessment is the one to quantify the condition of asset, and the secondary assessment is the one to evaluate availability (Refer to Figure 3). The secondary assessment divides into two kinds, the secondary assessment A is evaluated by five stages by the piling method of the point, and secondary assessment B is evaluated by four stages based on the level of the matching about the condition of asset and its availability (Example: If availability is bad though facilities are new, low evaluate it).

**Figure 3  Rating framework for property registers**

<table>
<thead>
<tr>
<th>Level of assessment</th>
<th>Assessment method</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary assessment</td>
<td>quantify the condition of asset</td>
<td>five point scale</td>
</tr>
<tr>
<td>Secondary assessment A</td>
<td>evaluates availability etc.</td>
<td>five stages to A~E (A is best)</td>
</tr>
<tr>
<td>Secondary assessment B</td>
<td>evaluates the level of matching</td>
<td>four stages to A~D (A is best)</td>
</tr>
</tbody>
</table>

As the result, each facility is classified into abolition, diversion, improvement, continuance, and reconstruction with two axes of the user demands of facilities (evaluation on the availability) and the building performance (evaluation on the condition of assets) based on the results of the primary assessment and the secondary assessment (A, B) (Refer to Figure 4).
The use demands are high, and the condition of asset is high.
⇒ Continuance.

The use demands are high, but the condition of asset is low.
⇒ Execution of reconstruction or major renovation.

The use demands are ordinary, and the condition of asset is ordinary.
⇒ Continuance with weak point improvement.

The use demands are low, but the condition of asset is high.
⇒ Diversion to alternative use.

The use demands are low, and the condition of asset is low.
⇒ Abolition.

For instance, in case of the SAKUMA ethnic culture historical hall, its score is 3.3 points (medium degree) in the primary assessment, rank C (medium) in the secondary assessment A, rank D (lowest) in the secondary assessment B (Refer to Appendix 1). This shows that status of utilization is bad though the assessment of the facility’s condition is medium rank by the passage of 20 years old (in this case, the old folk house was relocated 20 years ago.). As a result of the 2nd analysis, it is classified into "Continuance" because of the impossibility.

3) Share information with the citizens

In Hamamatsu City, financial statements were prepared to indicate the financial condition to their citizens since fiscal year 2000, and financial statements based on the accrual accounting have been prepared and indicated since fiscal year 2005 in accordance with the MIC method revision model. In preparing the financial statements, public officials have become to consider how to communicate this information to citizens. As a result of this, preparing the financial statements can have a good impact to public officials.

As an example of using the financial statements for administration, analysis of libraries in Hamamatsu City can be overviewed. By municipal merger in 2005, the number of libraries was up to 20 places. To make these convenient for citizens and be antitheft, all the books of libraries is made to unified electronic data, and made an IC tag in fiscal year 2006.

As the result, these attack could be identified and analyzed that the number of the lending service are slight decreased from the previous year, on the other hand, the cost per capita and the cost per lending service are increased from the previous year. Thus, the financial statements have led to make visible the result of analysis and consider what to do in the future.

Moreover, information of the facility registers evaluated and the abolition plan for facilities until 2014 fiscal year is disclosed positively on the website in Hamamatsu City since December, 2010.

4. Key success factors of asset management system in Hamamatsu City

Hamamatsu City has only just started to asset management to make use of financial statements, but the key success factors of asset management at present are enumerated the following points.

1) Maintain asset information (The evaluation system is contained) to keep using to public management by the
public sector accounting system reform.

2) Set up the section that consolidates information of whole assets (asset management section) in a financial department to facilitate the cooperation between financial affairs and administration.

3) Establish 18 Regional Council permanently to suck up the citizens demands at any time, and construct the system to foster the consensus between citizens and the administration.

V. Good practice of facilities planning with the citizenry participation in Kitakami City, Iwate Prefecture

In Kitakami City, Iwate Prefecture, the citizenry participation approach is taken at the planning stage regarding the replacement of aging citizen’s hall, and the citizens positively participated in the process of planning and managing of the new citizen’s hall.

As one of the good process of citizenry participation in case of rebuilding the citizen’s hall, Kitakami City cultural exchange center SAKURA Hall (Hereafter, it is said, "SAKURA Hall"), it will be overviewed and the form of the business technique in the asset management system is reviewed.

Kitakami City has been preparing the financial statements (for fiscal year 2007) based on the accrual accounting in the MIC method revision model since 2009.

1. Outline of Kitakami City

   Kitakami City was merged with 1 city, 1 town, and 1 village in April, 1991, and is now a city of 93,000 people located in the inland in Iwate Prefecture, northeastern in the Tohoku region in Japan. The influence was more negligible than the coast part where the great deal of harm was received though damage due to the earthquake occurs in East Japan great earthquake this time when it occurred on March 11 this year as City Hall cracks.

2. Property Description

   Figure 5  Property description of SAKURA Hall⁶

<table>
<thead>
<tr>
<th>Address</th>
<th>2-2-1, Sakura street, Kitakami City, Iwate Prefecture, JAPAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access</td>
<td>10 minutes with automobile from Kitakami Station</td>
</tr>
<tr>
<td>Completion date</td>
<td>September, 2003</td>
</tr>
<tr>
<td>Facilities</td>
<td>Large size Hall×1, Middle size Hall×1, multipurpose room×21</td>
</tr>
</tbody>
</table>

   Figure 6 Photos of SAKURA Hall⁷
3. Conceptual scheme of planning of the SAKURA Hall Project with citizenry participation

1) Background

In Kitakami City, there was a first citizen’s hall in Iwate prefecture of 1,200 person accommodation that had been constructed in 1961. In the 1980’s, Kitakami City decided to remove and build the new citizen’s hall because of aging of the existing citizen’s hall, and becoming all around the existing citizen’s hall to coverage area of land readjustment project for setting a city planning road into the site of the existing citizen’s hall. Kitakami City has already decided the construction site for SAKURA Hall in 1986, and has been beginning to acquire a part of the site in advance since 1991. Fiscal year 1996, SAKURA Hall Project advisory committee (Hereafter, it is said, "the advisory committee") is set up in the city (the deputy mayor, the treasurer, and the related director class officials are members), and SAKURA Hall Project Forum (Hereafter, it is said, "the forum") that organizes an external specialist, the city council member, and the staff of the executive of the city (director class) etc. is set up. Fiscal year 1997, the basic concept plan is reported to the mayor from the advisory committee, and the proposal is submitted to the mayor from the forum. End of fiscal year 1997, the basic concept plan is accepted by the board meeting of the city. The basic architectural design plan based on this accepted basic concept plan was drafted by 3rd party architectural design office in fiscal year 1998, and this basic architectural design plan was accepted by the board meeting of the city in October, 1999.

Even here is a process that had been usually done in the local government in the whole country when communal facilities were planed. However, about the idea of one Kitakami City public official (Mr. Akitoshi Kikuchi) having to object to traditional ways, to invite the theater consultancy as a facilitator, and to examine the project was accepted by the advisory committee (the 14th in November, 1999). “The theater consultant’s introduction and selection of the designer using consultant’s advice” is applied to the project promotion by the advisory committee.

As a result, the consulting agreement with the theater workshop Ltd. (Hereafter, it is said, "Theater consultant") was concluded, and an outside theater specialists from the outside party participated in the SAKURA Hall project officially in Kitakami City. Mr. Kikuchi who is a public official of Kitakami City was also thinking that it is to be truly available hall for citizens to need the theater consultancy in a neutral standpoint who coordinate views
between the designer and the player. One of the key success factor of this with promoting the SAKURA Hall Project is the initiative of Mr. Kikuchi who such opinion and personal network with theater consultant's parties.

"Working group (Hereafter, it is said, "WG") for a basic architectural design plan and the execution architectural design plan" to examine the project of SAKURA Hall was newly set up after the theater consultant had participated in fiscal year 2000. Not only the city officer but also the citizens selected by general public audition, various group practitioners, and the practitioners of various art cultural group were participating in WG, and the theater consultant came to assume the crucial role as a facilitator for the administration, the architectural designer, and the citizens, etc.

2) On the planning stage

WG arranged the draft of the basic architectural design plan through a lot of formal meeting together with the KUME SEKKEI (http://www.kumesekkei.co.jp/en/profile/outline.html), one of the biggest architectural design office in Japan and the theater consultant. The draft of the basic architectural design plan was presented to the citizens for reflecting their opinion by WG in November 22, 2000. After the event, it reconsiders in WG based on the opinion from the citizens, and the basic architectural design plan has been fixed.

Thus, these activities led to the conclusion of the citizens’ demands carefully to the architectural design plan by providing opportunities to participate and exchange opinion positively with the citizens, the specialists, and others during the planning stage of the project. Moreover, the theater consultant functions as a facilitator, and neutrality is helpful for WG to work effectively and efficiently.

3) On the operational stage

In the early of fiscal year 2001, and the execution architectural design plan was completed, and "WG for a basic and execution architectural design plan" had changed to “New WG” that examined the operating plan. New WG held 16 meetings (for total 60 hours) in four months from July to November, 2001. The draft of the operating plan was also presented to the forum with citizens to reflect their opinion by New WG in October 9, 2001 before submitting it to the mayor.

On the draft of the operating plan submitted to the mayor on November 29, 2001, "The foundation of Kitakami City Cultural Creation” (Hereafter, it is said, "Foundation") was newly established finally, and the management of the SAKURA Hall has been consigned from Kitakami City to Foundation as a specified manager though New WG did the proposal that the Nonprofit Organization manages facilities.

Foundation’s revenue contains the management fees of 50 million yen from Kitakami City every year, and the beneficiary charge of the facilities from citizens. On the other hand, Foundation pay out own operational expenditure and the subcontract expense to the Nonprofit Organization “ART Factory” (Hereafter, it is said, "ART Factory").

In the SAKURA Hall, 20-30 events have been organized by Foundation during a year, but there were no front line staffs to hold the events. So the operation of the event has been consigned from Foundation to the ART Factory. There are 130 temporary staffs registered for the event in the ART Factory, and the majority of these staffs are housewives. In order to keep the service level high in the SAKURA Hall, all temporary staffs is educated on the matters of basic manners as the hall staff by the ART Factory. It becomes a kind of highly status for these temporary staff because it makes them put on black stylish uniform when they working.

The average occupancy rate of multipurpose rooms of 21 is 87% a year as of November, 2010. This result has been led to setting the beneficiary charge cheaply, and the repeat customers have been increasing. Moreover, all
the room shown as glazed as much as possible of the wall, it makes visitors stimulating. In addition, the common space can be available such as hangouts until 10pm everyday for the various purpose (studying, reading, talking, and so on) by various generations. Therefore, SAKURA hall is truly used as a culture exchange center by crossed generations.

The reward for the temporary staff of the ART Factory is paid by original currency "Arts" (correspond one point =50JPY yen) that can be used only in the SAKURA Hall. So, the temporary staffs are able to exchange their saved points into their favorite event ticket. Moreover, since the expiration date is set to the point, the temporary staffs tend to exchange these points into the event ticket positively and cooperate to work for getting the luck of the points. As the result, the temporary staff is contributing to keep spectators constantly.

As of now, the ART Factory cooperates closely with Foundation to various ways to manage the SAKURA Hall, and it is created a virtuous cycle in management between Foundation, ART Factory, and temporary staffs.

Thus, in spite of volatility of user in the hall management, Foundation usually manages well because there is an organization that cooperates when the Foundation staffs are busy.

4. Key Success Factors in case of SAKURA Hall Project

From the above, to organize Key Success factor in SAKURA Hall are four points below.
1) Working group (WG) including citizens selected by general public audition was composed.
2) Making use of the facilitator, theater consultancy.
3) The existence of the ART Factory supports the operation of the events organized by Foundation.
4) The citizens, the public officials, and the specialists took part as the WG member have participated in the series from planning to operation.

VI. Capital Improvement Program for Massachusetts Communities in United States

1. What is the Capital Improvement Program?

By Michael A. Pagano and David R. Shock (2007) and “Developing a Capital Improvements Program A Manual for Massachusetts Communities” (Hereafter, it is said, "CIP manual"), CIP is defined as follows.
1) CIP is synonymous with the capital improvement plan and identifies priorities and timeframe for undertaking capital projects and provides a financing plan for those projects.
2) CIP is a blueprint for planning a community’s capital expenditures and one of the most important
responsibilities of local government officials. It coordinates community planning, financial capacity and physical development.

3) CIP is composed of two of parts, a capital budget and a capital program.

4) The capital budget is the upcoming year’s spending plan for capital items (tangible assets or projects that cost at least 10,000 dollars and have a useful life of at least five years).

5) The capital program is a plan for capital expenditures that extends five years beyond the capital budget. Development of a CIP that will insure sound fiscal and capital planning requires effective leadership and the involvement and cooperation of all municipal departments.

2. Benefits of CIP

By CIP manual, CIP has the following benefits.

1) Facilitates coordination between capital demands and the operating budgets.

2) Enhances the community's credit rating, control of its tax rate, and avoids sudden changes in its debt service requirements.

3) Identifies the most economical means of financing capital projects.

4) Increases opportunities for obtaining federal and state aid.

5) Relates public facilities to other public and private development and redevelopment policies and plans.

6) Focuses attention on community objectives and fiscal capacity.

7) Keeps the public informed about future demands and projects.

8) Coordinates the activities of neighboring and overlapping units of local government to reduce duplication.

9) Encourages careful project planning and design to avoid costly mistakes and help a community reach desired goals.

Figure 8 shows a business flow regarding about CIP preparing process based on CIP manual.
Ⅶ. Discussion and Conclusion

1. The way to the strategic asset management for Japanese local governments –The conceptual frame for the future–

The strategic asset management system is an important tool to optimize the entire property for the local government to be responsible for the stewardship and accountability from the citizens in order to keep providing public service economically, efficiently, and effectively. Therefore, the first of all, it is important to share a vision and a goal of the local government with the citizens who are maximum stakeholders for the local government to utilize the tool (asset management system) at a maximum. Here is the conceptual scheme of the strategic asset management system (Refer to figure 9).

![Conceptual scheme of the strategic asset management](image)

Especially, in addition to sharing the goal and the vision with the citizens, it is most important to create opportunities for citizens to participate and exchange opinions positively regarding to prioritize the project, adopt the capital improvement plan for two or more years, and use of the result of the performance measurement.

The strategic asset management system can be considered the good practices, such as asset management system in Hamamatsu City, the public involvement that uses the facilitator like Kitakami City’s case as a mechanism that the citizens share information with the local government, and preparing process of the capital improvement program for Massachusetts communities in the United States. Also, in private sector, it is important to manage the asset liquidity-consciously because it can not maximize the value of their assets without liquidity.

As a result, it is expected to resolve the asymmetry of information between the administration and citizens and promote the conversation with the citizens.

Figure 10 shows a concrete business flow regarding about the scheme of the strategic asset management system.
2. Key Success Factor for the strategic asset management system for Japanese local government

In order for the local government to transform to the organization by "Industrial-government-academic-citizen" cooperation in the region for the region, the establishment of the strategic asset management system that bases the following points are important.

1) Make the property information updated from the point of consciousness
2) Manage the assets and liabilities in the multiple-year budget
3) Secure the various opportunities of citizen’s participation (perspective of vision and goal, decisions of capital improvement plan of setting and two or more years of priority level decision index, and achievement measurement results)
4) Organize operation that clarifies roles and responsibility of public officials

The participation of the citizens who are the maximum stake-holders is necessary and indispensable to plan well, and to manage the assets and debts by Japanese local government. We should learn many from not only an advanced case in Japan but also the case with the local government in the United States, and make the best use of for the management of the local government in the future.
Appendix 1

Sample: Property register of the SAKUMA ethnic culture historical hall

<table>
<thead>
<tr>
<th>施設カルテ(概要版)</th>
</tr>
</thead>
</table>

### 資産の基本情報

- 所在地: 佐久間町佐久間1832-1
- 所管理: 天竜区・まちづくり推進課

#### 土地情報

- 土地面積: 0.00 m²
- 建地面積: 0 m²
- 総面積: 0.00 m²

#### 施設情報

- 設置目標: 佐久間地域に古くから語り継がれてきた民話や山村特有の風俗・習慣を紹介し、伝統文化を体験することのできる場を整備することにより観光交流人口の増加と併せて地域の振興を図る。

<table>
<thead>
<tr>
<th>項目</th>
<th>平成21年度(円)</th>
<th>平成20年度(円)</th>
<th>前年比(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>使用料・手数料</td>
<td>128,153</td>
<td>201,000</td>
<td>63.8</td>
</tr>
<tr>
<td>国庫支出金</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>その他収入</td>
<td>11,529</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>収入計(A)</td>
<td>139,682</td>
<td>201,000</td>
<td>69.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>項目</th>
<th>H21(円)</th>
<th>H20(円)</th>
<th>平均価</th>
</tr>
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<tbody>
<tr>
<td>使用料・手数料</td>
<td>8,004</td>
<td>7,308</td>
<td>12,808</td>
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<tr>
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<td>207</td>
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<tr>
<td>その他収入</td>
<td>14,408</td>
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<td>80,418</td>
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### 運営情報

<table>
<thead>
<tr>
<th>項目</th>
<th>平成21年度(円)</th>
<th>平成20年度(円)</th>
<th>前年比(%)</th>
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<tbody>
<tr>
<td>人件費</td>
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<tr>
<td>物件費(委託料)</td>
<td>448,350</td>
<td>448,350</td>
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<tr>
<td>物件費(修繕料)</td>
<td>79,800</td>
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<tr>
<td>物件費(その他)</td>
<td>1,196,936</td>
<td>1,199,926</td>
<td>99.7</td>
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<tr>
<td>支出計(B)</td>
<td>1,724,512</td>
<td>1,648,276</td>
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<tr>
<td>純行政コスト(B-A)</td>
<td>1,584,830</td>
<td>1,447,276</td>
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### 施設評価情報

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<th>H21(%)</th>
<th>H20(%)</th>
<th>用途別平均値(%)</th>
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<td>使用料・手数料</td>
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<tr>
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<td>純行政コスト(B-A)</td>
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<tr>
<th>項目</th>
<th>総合評価(5段階)</th>
<th>一覧評価(5段階)</th>
<th>二次評価A(5段階)</th>
<th>二次評価B(5段階)</th>
<th>一次評価(5段階)</th>
<th>二次評価A(5段階)</th>
<th>二次評価B(5段階)</th>
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</thead>
<tbody>
<tr>
<td>利用状況</td>
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<td>☆☆☆</td>
<td>3.3</td>
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<td>5段階中</td>
<td>5段階中</td>
<td>5段階中</td>
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</tbody>
</table>
Notes and Reference

3. Hamamatsu City (2009) Hamamatsu City Asset management promotion policy, p.5
5. Hamamatsu City (2009) Hamamatsu City Asset management promotion policy, p.22
6. Made from Leaflet of SAKURA Hall
7. These excerpts from Website of SAKURA Hall ([http://www.sakurahall.jp/](http://www.sakurahall.jp/))