

Policy and Fiscal Management of Yokohama City

April 22, 2016



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**FY2016 Budget Scale and Bond Issuance
Plans for Public Offering**

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Yokohama, The Chosen City

Yokohama, The Chosen City

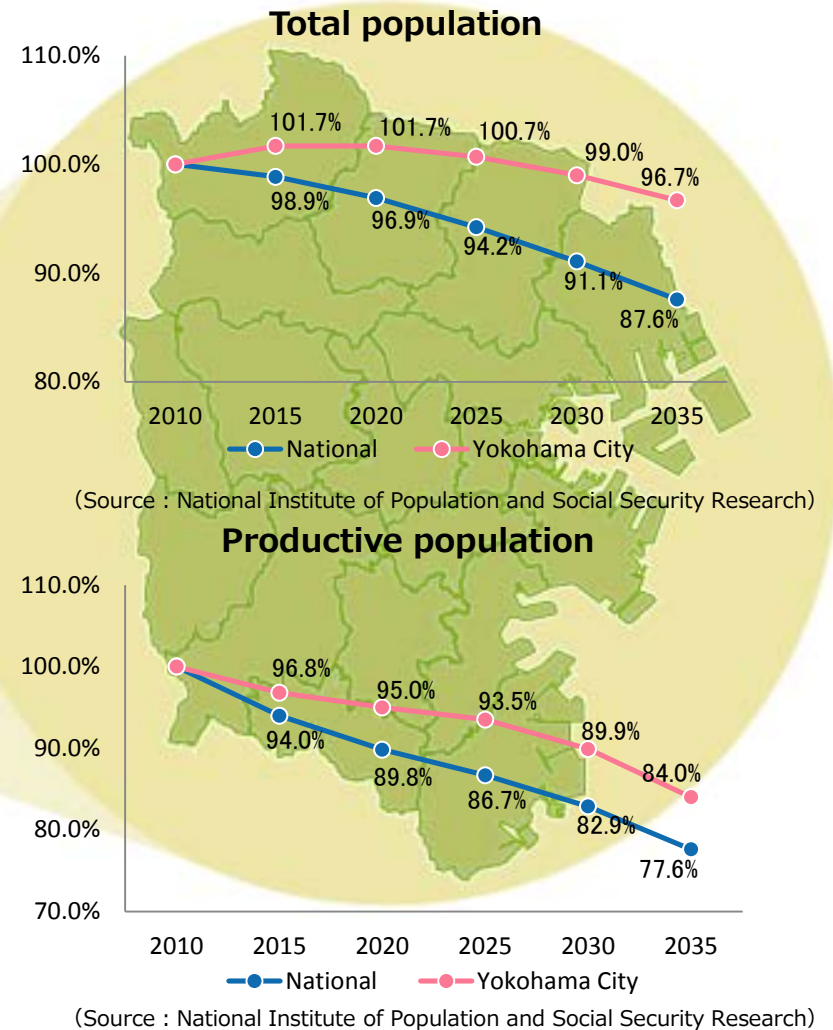
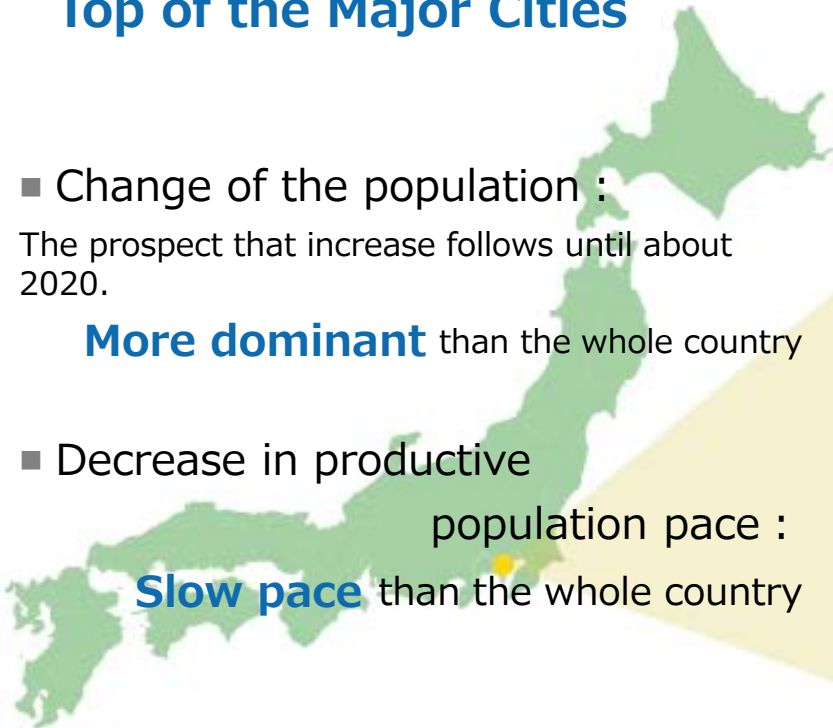
Charm and Possibility of Yokohama City

- Population : Around 3.72 Million People
Top of the Major Cities

- Change of the population :
The prospect that increase follows until about 2020.

More dominant than the whole country

- Decrease in productive population pace :
Slow pace than the whole country



Yokohama, The Chosen City

Charm and possibility of Yokohama City

- Gross city product: **¥12.3399 Trillion**
(Yokohama city : Citizen accounts statistics (FY2013))
- Final consumption expenditure of households
Top of the major cities
Scale of 1.4 times of Osaka city
(Osaka city is the ranking second place)
(Cabinet office : Report on prefectural accounts produced (FY2012))

Have superiority that
located near the world's
largest economy



Yokohama, The Chosen City



Attract people of the world, The city is crowded with people

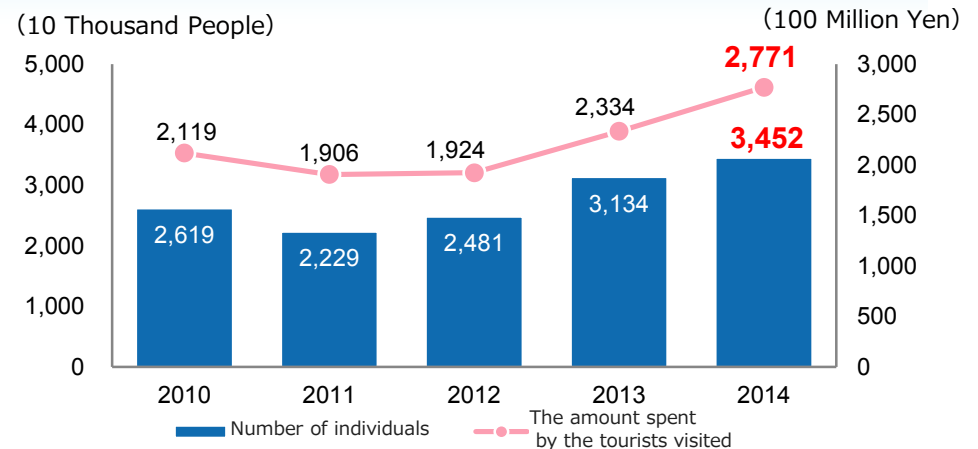
- Came for sightseeing (34.52 Million)
 - Sightseeing offtake (¥27.71 Billion)

Record-high together (2014)

- Rate of operation of the main hotel in the Yokohama city is average annual rate
- 88%** (2015)

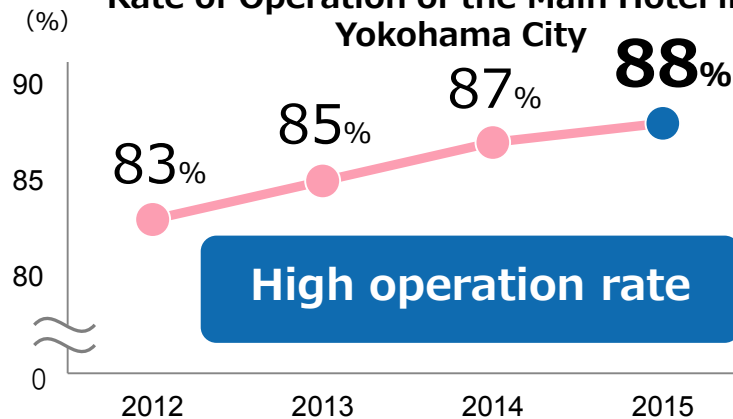
- The number of foreigners staying at the Yokohama city
- 720,000** people (2015)

Came for sightseeing · sightseeing offtake



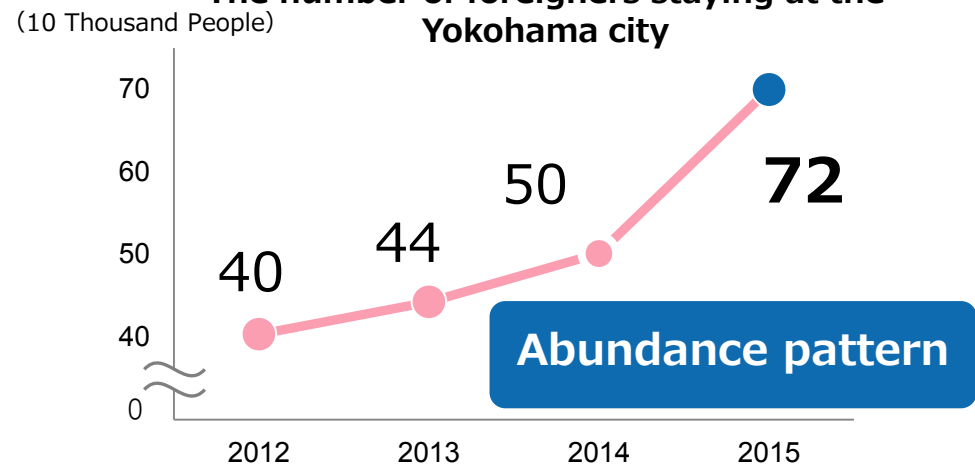
(Source : Consumption Trend Survey for Foreigners Visiting Yokohama City)

Rate of Operation of the Main Hotel in the Yokohama City



(Source : Yokohama City)

The number of foreigners staying at the Yokohama city



(Source : Japan Tourism Agency)

Yokohama, The Chosen City

Minatomirai 21 district ~Destined to lead~

(actual numbers for 2015)

- Number of visitors to the district : Around **1,770** company (up approx. 40 yoy)
- Number of workers in the district : Around **102,000** People (up approx. 4,000 yoy)
- Number of visitors to the district : Around **76** Million People (falt yoy)



Expected entries By corporations

- Keihin Electric Express Railway Co
- Shimizu Corporation
- Nippon Television Music Corporation

Etc

Yokohama, The Chosen City

Chosen from the world, Contributes to the world

- Global corporation steps forward
in Yokohama city



Apple Inc
「Technical Development Center」
Conceptual Drawing



Euglena Co
Plans to put the domestic bio jet fuel and
diesel fuel into practical use



Chugai Pharmaceutical Co
Decided to build an office in Yokohama city

Yokohama, The Chosen City



Zyke Furusatomura (Aoba-ku)



Photo:Kiyonori Hasegawa



Offering : Yokohama Chinatown
Development Association



2

Yokohama City's Action for the growth

Yokohama City's Action for the growth

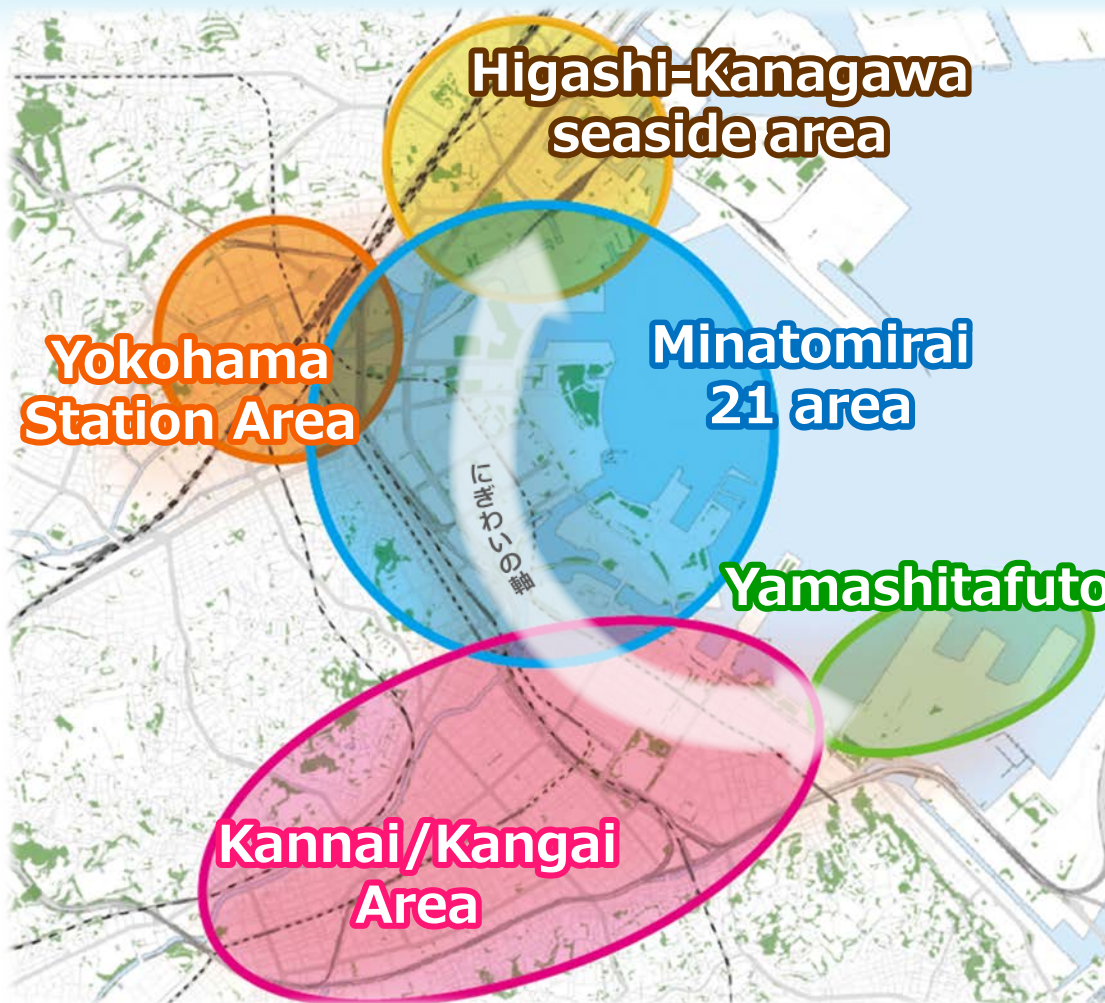
Revitalization and functional enhancement of the City's seaside area



National strategy house maintenance business (Yokohama Station northwest Tsuruya district)



Start of construction of the Yokohama Station west exit station square building



New city hall maintenance image



Yamashitafutou

Yokohama City's Action for the growth

Revival and revitalization of suburban areas

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

- Kamiseya (242ha)
 - : Investigation of ultimate land use plan
 - (Examine an invitation that a garden / flora festival or exposition)

- Fukaya (77ha)
 - : Actualize an Ultimate Land Use Plan

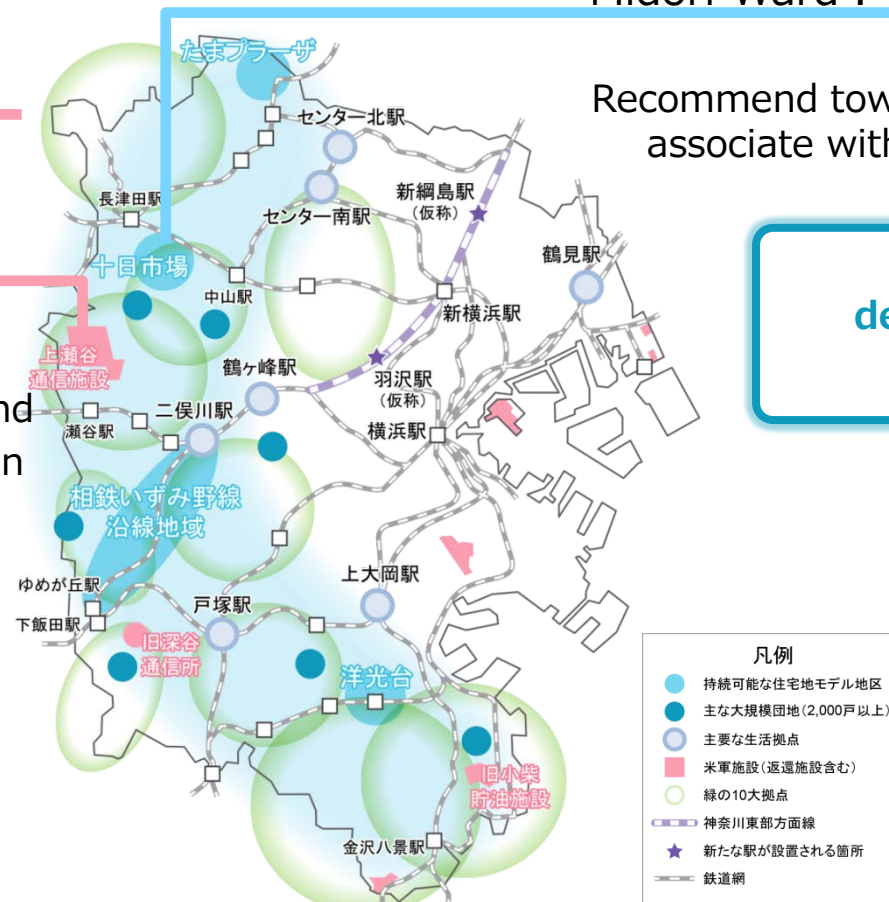
Utilize large land to the maximum,
New town development

- Sustainable residential area model project

Midori Ward : Four model districts
(Tokachiba etc)

Recommend town development that associate with area and company

All ward development
(In 2017)



Yokohama City's Action for the growth

Strengthened city infrastructure · disaster-resistant's town development

■ Improvement of Yokohama Belt Highway etc

North Line: Expected to open in FY2016

- Northwest Line: Expected to open in FY2021 (investigation an ahead-of-schedule to open)
- South Line (Metropolitan Inter-City Expressway) Expected to open in FY2020 (※1)

■ Invitation of the foreign passenger ship acceptance functional enhancement

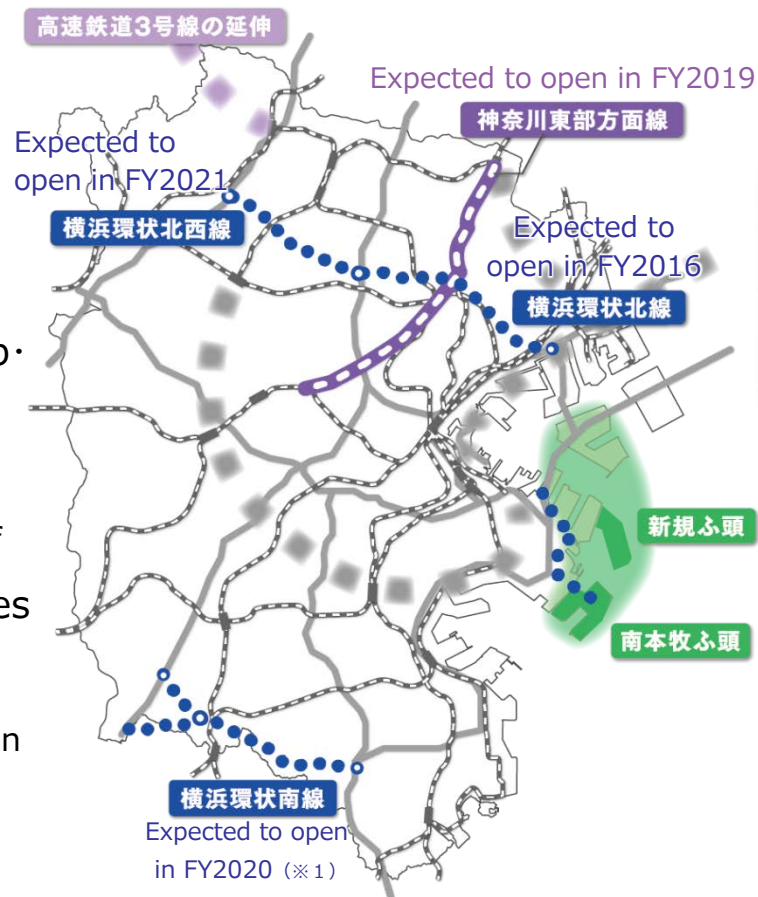
- No.9 New Port, Terminal maintenance
- Reinforcement of the function to receive a large passenger ship at the O-guro wharf

■ Improvement of Advanced Port Facilities

- Minami Honmoku wharf's High-standard container terminal
- Minami Honmoku wharf's harbor connection road (Start in 2016)

■ Improvement of railway system

- East Kanagawa Line
- Extension of No.3 Highway



Yokohama North Belt Highway



Minami Honmoku MC-3 Container Terminal



※1 In the case of completing the acquisition of the site early based on Land Expropriation Act

Reinforcement of a growth area, the industrial base

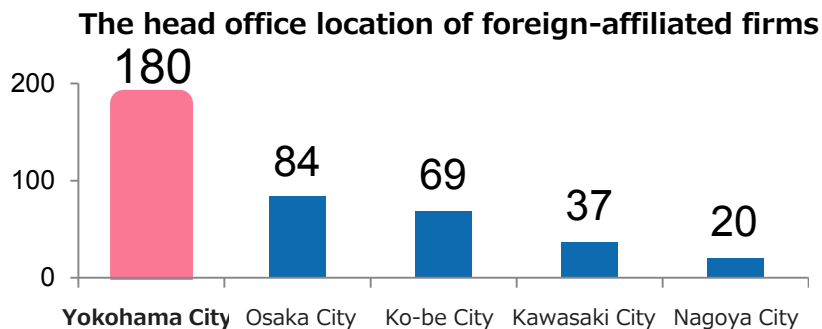
- Strengthening of activities to attract siting by foreign-affiliated firms
 (Top of the Major Cities : foreign-affiliated firms 180 Companies, Research and Development Organization of Arts and Sciences 180 Establishments are accumulated)
 - Setting of the Foreign-Affiliated Specialized General Guidance Window
 - Work on the Company Invitation Promotion in Foreign Countries

- Promotion of the research and development that utilized a special ward system
 - Support of the Yokohama clinical study network (Network of City University Hospital and Core 14 Hospital)

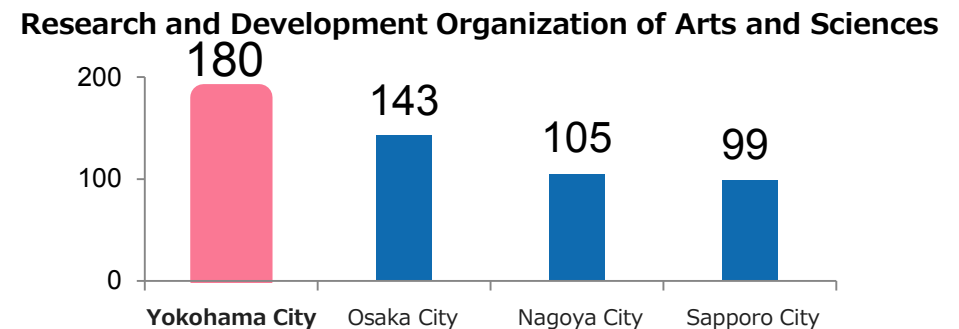
- Promotion of the life innovation by the cooperation of "industry-academic-government-money"
 - To Build and Promote 「Yokohama life innovation platform (tentative name) 」



「workshops on investment in Japan」
in New York (2015.Sep.28)



(Source : TOYO KEIZAI Inc 「Foreign Company's Comprehensive List 2015」)



(Source : FY2012 Economic census)

Yokohama City's Action for the growth

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

- Promote overseas infrastructure business development of companies in the city
 - 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
 - to aid the resolution of urban problems in developing nations



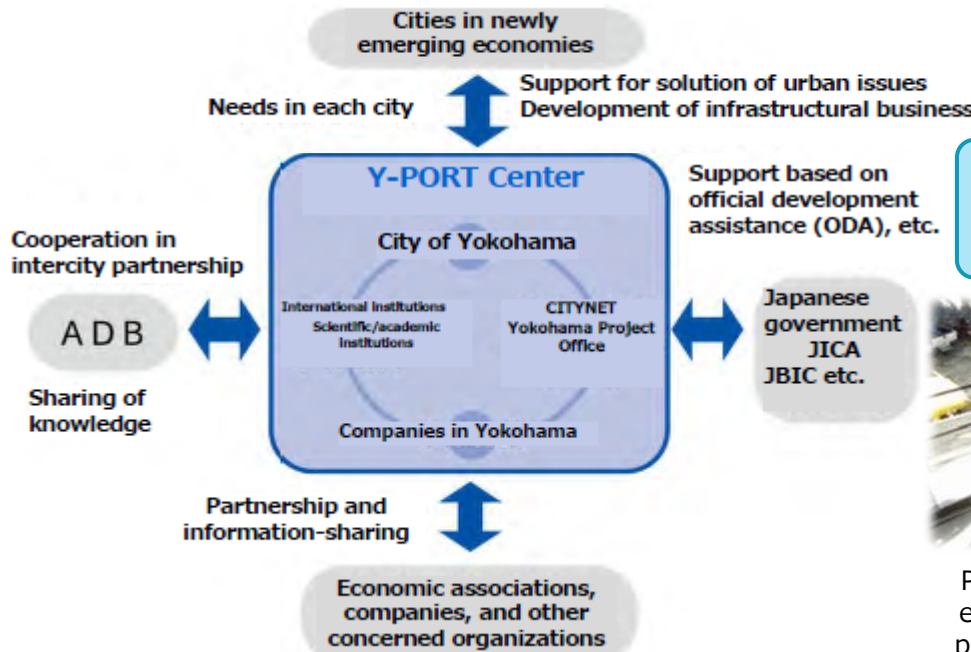
Cebu (the Philippines), Da Nang (Vietnam),

Bangkok (Thailand), Batam (Indonesia)

- Promoting real businesses and demonstration businesses etc. of companies in the city such as tie-up cities (6 cases accepted for national investigation businesses in FY2015)



Conclusion of memorandum regarding technology cooperation with Batam city (Indonesia) (May, 2015)



New business opportunity of the city company



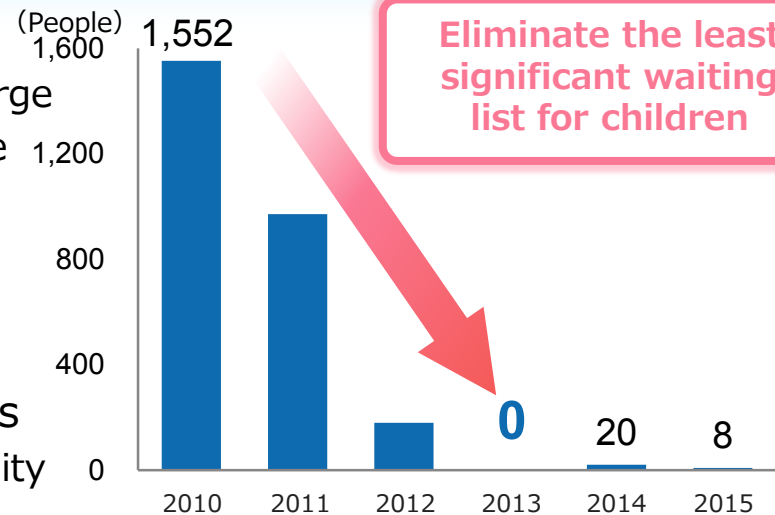
Philippines government highly evaluated dehydrator of home polluted mud at demonstration businesses in Cebu City



Recycle business of waste plastic in Cebu City is planning new plant construction

Continuous Childcare Support, and Youth Support for Independence

- Maintenance of “zero waiting list” policy for childcare centers
 - User consultation of depends on an education concierge
 - Active nursery school maintenance, and maintenance improvement of the quality of the childcare (Expand in acceptance frame for 2,543 people)
- Provision of after-school care : Providing a gateway to grade school success
 - Planned for every elementary school in the municipality (2019)
- Fuller education environment
 - 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 (2017)
 - Accumulation of 29 university
(Abundant human resources)



Supporting women's and senior's success

Women Pleasant to Work and Have Work Worth in Japan the Best

- To Promote 「4th Action Plan of Gender Equality」

Send an action of Yokohama abroad

Yokohama Women's Network Meeting &
Yokohama Women's Business

Festival 2015

Held at the Same Time(2015.Nov.7)

Participant : Around **1,400** People



APEC "Women and the Economy Forum" (2015.Sep.18)

The City where a senior an active part

- Open the 「Spot of Support for worth living and working」
 - Model setting at Kanazawa Ward



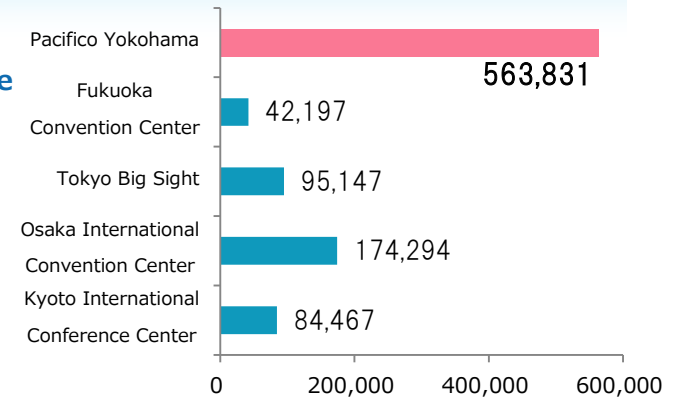
「Spot of Support for worth living and working」 Inquiry Counter

Yokohama City's Action for the growth

Sightseeing · MICE · Culture and art create city

International Meeting Facility , The Number of Participants

- Number of visitors to pacifico Yokohama : **564,000 People**
No.1 in Japan Consecutively for 13 Year (2014)



50th ADB Annual Meeting (2017.May) Opening Prepare

- 67 Countries of the World · Up to 5,000 People
Participate from the Area

(Source : Japan National Tourism Organization's International Conference statistics)

Expansion of MICE Facilities (Minatomirai 20 Town area) <Open in 2020>



Offering : ADB



(c) 2015 TAKENAKA CORPORATION, AXS SATOW INC.

Yokohama City's Action for the growth

Sightseeing · M I C E · Culture and art create city

Yokohama OTOMATSURI 2016

- Concept : 「Super Universal」 「Promotion of Next-Generation」
「Telegraph to Asia and World」 「Public Participation」
- A cultural program coinciding with the 2020 Tokyo Olympic and Paralympic Games

Core Period : 9/22~11/27 Place : Whole Yokohama City

(Last time : Yokohama OTOMATSURI 2013)

Number of visitors : Around 800,000 People

Economic percussion : ¥3.7 Billion

(Last Year Dance Dance Dance @ YOKOHAMA 2015)

Number of visitors : Around 1 Million People

Economic percussion : ¥5.3 Billion

33th Japan Urban Green Yokohama Fair (Garden Necklace Yokohama 2017)

Core Period : 2017/3/25~6/4 Place : Whole Yokohama City

To Connect 「Minato Garden」 , 「Satoyama Garden」 and
18 area、 and Create “Garden Necklace” in the City



Hill park with a view of the harbor
(Garden of fragrance)
Image Perth

Yokohama City's Action for the growth

Sports

To Host Rugby World Cup 2019™

- Final Round : Hold it in Yokohama (International Stadium Yokohama)



Offering
: Yokohama Sports Association



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Action for 2020 Tokyo Olympic and Paralympic Games

- Chosen that All England team's campground and England's 「Host Town」
- And chosen that soccer holding place



Realization of Special Autonomous City

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)

Suitable authority
Suitable 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

**Invest the Produced Resources
in Administrative Services and a Growth Area !**

3

Action for Balanced Budgets

Budget scale (FY2016)

Budget for General Account Scale of FY2016 is ¥1514.3 Billion

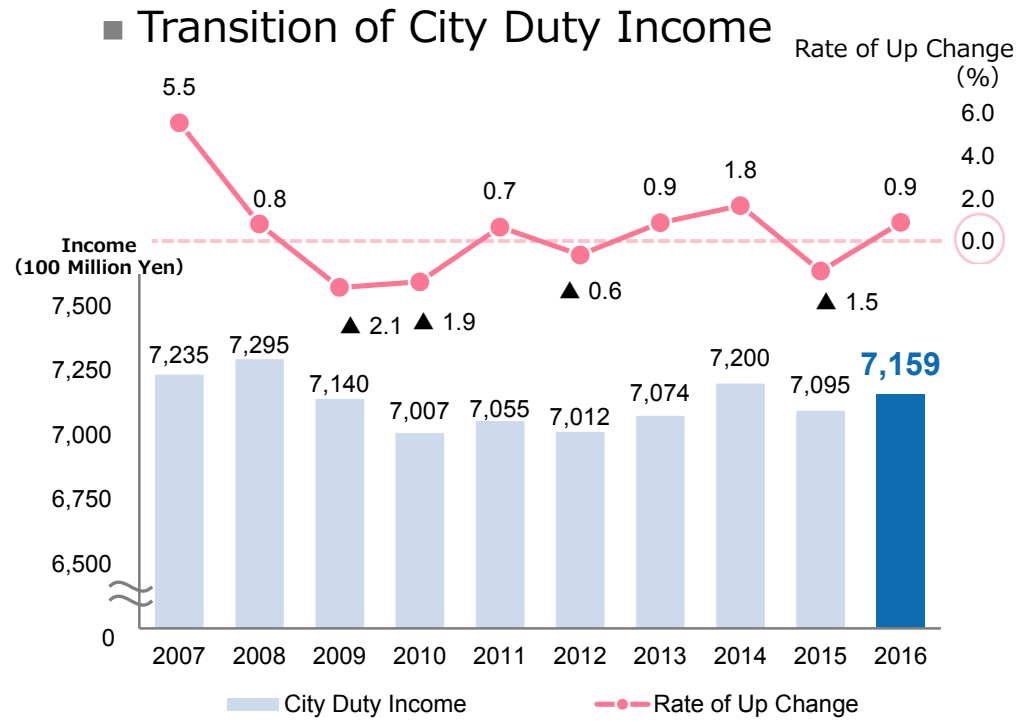
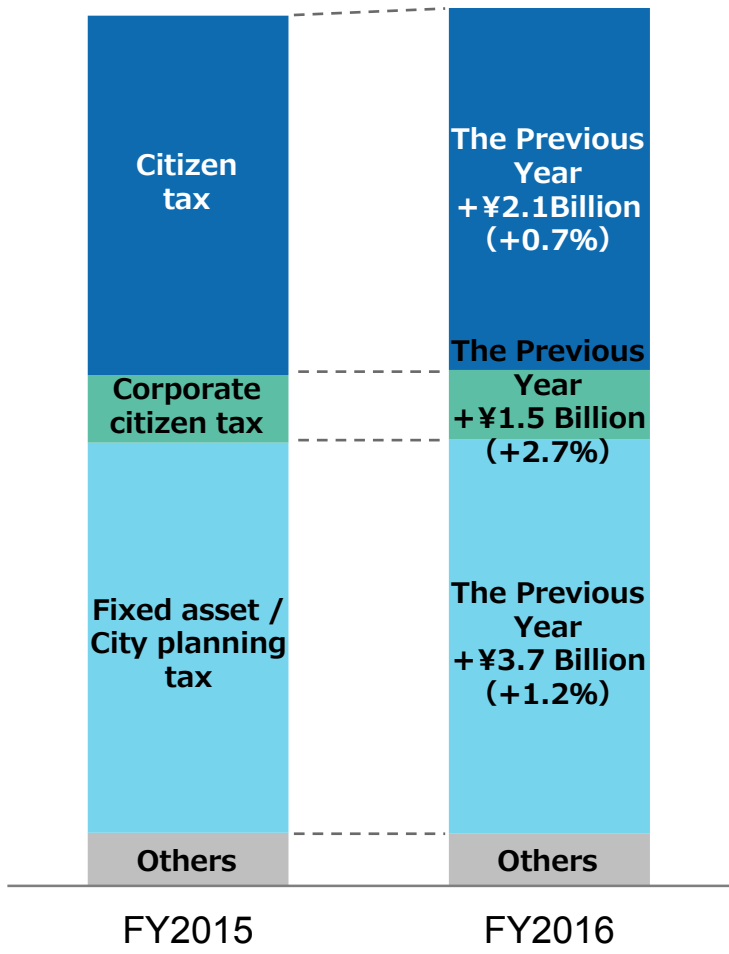
- Coefficient of Extension is +1.3% ⇒ Positive Budget
- For Mid-Term 4-Year Plan accomplishment, include child care, education, the urban infrastructure maintenance that fixed its eyes on enhancement and the future of the living of citizen's all of you including the welfare, the medical care, a necessary measure including the activation of the Yokohama economy in a budget.

Accounts Name	FY2016 (Billion Yen)	FY2015 (Billion Yen)	Increase and Decrease (Billion Yen)	Rate of Change
General Account	1,514.3	1,495.5	18.9	1.3%
Special Accounts	1,341.6	1,394.7	▲53.2	▲3.8%
Government Enterprise Accounts	540.9	591.8	▲50.9	▲8.6%
Grand Total	3,396.8	3,482.0	▲85.2	▲2.4%

※The indicated values are rounded off to the indicated numbers and may not match the each item totals

Situation of the City Duty Income (Comparison with the estimated amount of duty income)

¥ 70.95 Billion **¥ 71.59 Billion (+0.9%)**



※ Figures up to FY2014 are based on the closing accounts and figures for FY2015 and FY2016 are based on the estimated amount of duty income

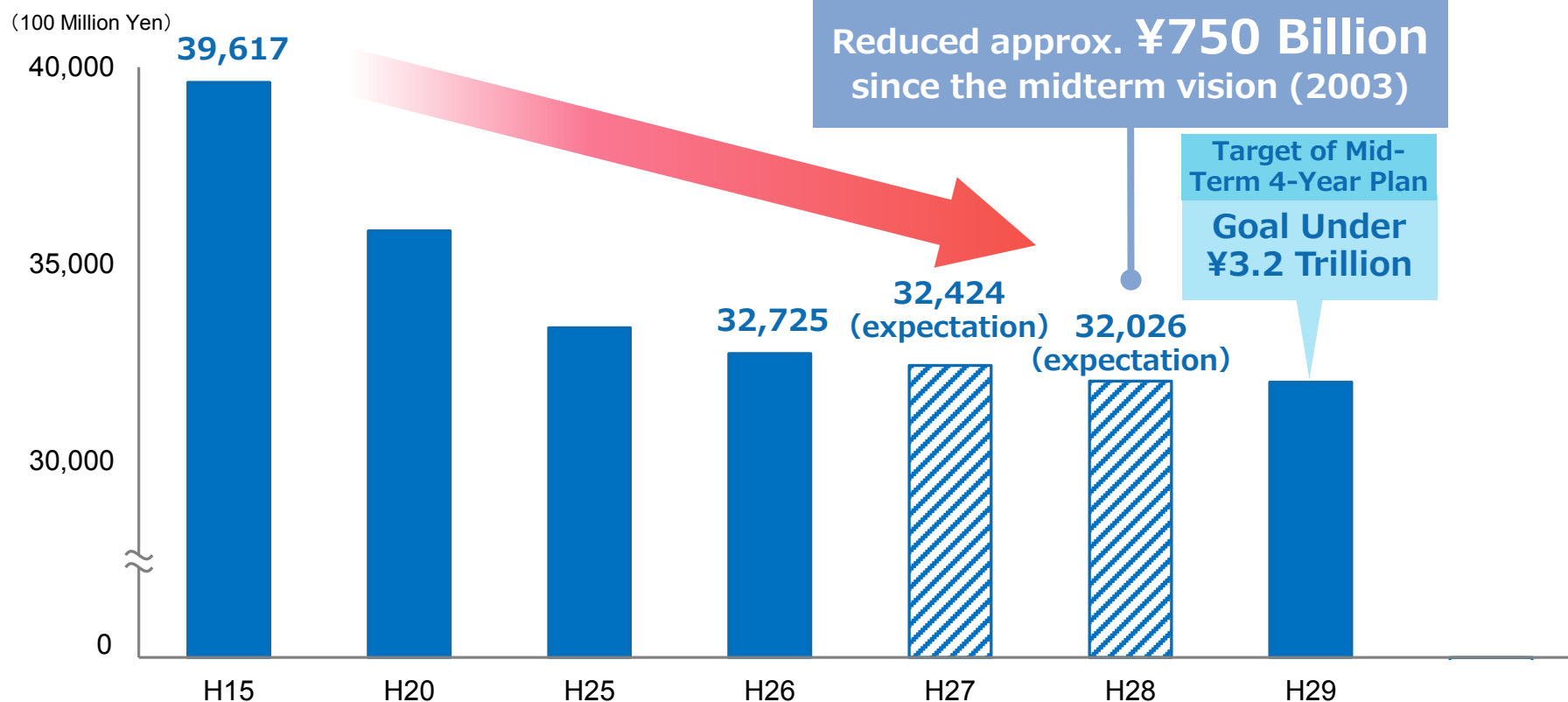
- ### Factor of the Increased Income
- Increase of Income from Employment (Personal Municipal Tax)
 - improvement in corporate profits (Corporation Municipal Tax)
 - Extension of House and Office Building (Fixed Property Tax)

Fiscal Management ~ Coexistence of “Promoting Policies” and “Maintaining the Fiscal Soundness”

「Reduction of General Account Debt Balance」

- Reduction of General Account Debt Balance ⇒ **¥39.8 Billion**

Transition of General Account Debt Balance



Fiscal Management ~ Coexistence of “Promoting Policies” and “Maintaining the Fiscal Soundness”



「Systemic utilization of municipal bonds」

- The issuance amount of city bonds in 2016 will be **¥147.9 Billion**, which amount Yokohama listed as “utilization of ¥600 Billion in 4 years” in the “Yokohama City 4year Mid-term Plan from 2014 to 2017”

Various Financial Index

Mid-Term 4-Year Plan: Expectation of FY2017		
Outstanding general account debt	Under ¥3.2 Trillion	
Primary balance in the Yokohama formula	Broad Balance	
FY2014 (Results)		(Reference) Criteria of Early Strengthening
Real debt payment ratio	16.9%	25.0%
Ratio of Future Burden	182.5%	400.0%

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)

Action of the Finance

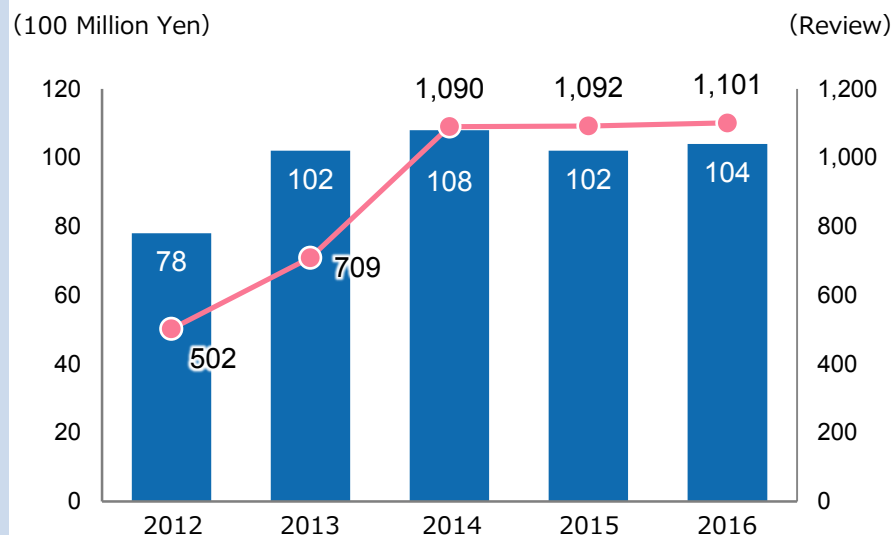
- Intensive Review of Administrative Operations

Operational Review (FY2016) 1,101 Reviews , ¥10.4 Billion Reducion

Major reductions

- **Efforts with Regard to Privatization•Outsourcing**
 - Commission of school lunch cooking business to private company
 - Transfer of city childcare center to private sector
- **Review of Modernization and Process Improvement**
 - Review of Subsidies and Commission Fees for Affiliated Entities etc.
- **Review of internal expenses**

Trends in outcome of operational review



- Sale of Holding Land
- Utilization of same amount of fund as in FY2015 (financial adjustment fund, sinking fund)

Outlook for Future Fiscal Balance

(FY2016 Initial budget)

(Unit: ¥100 million)

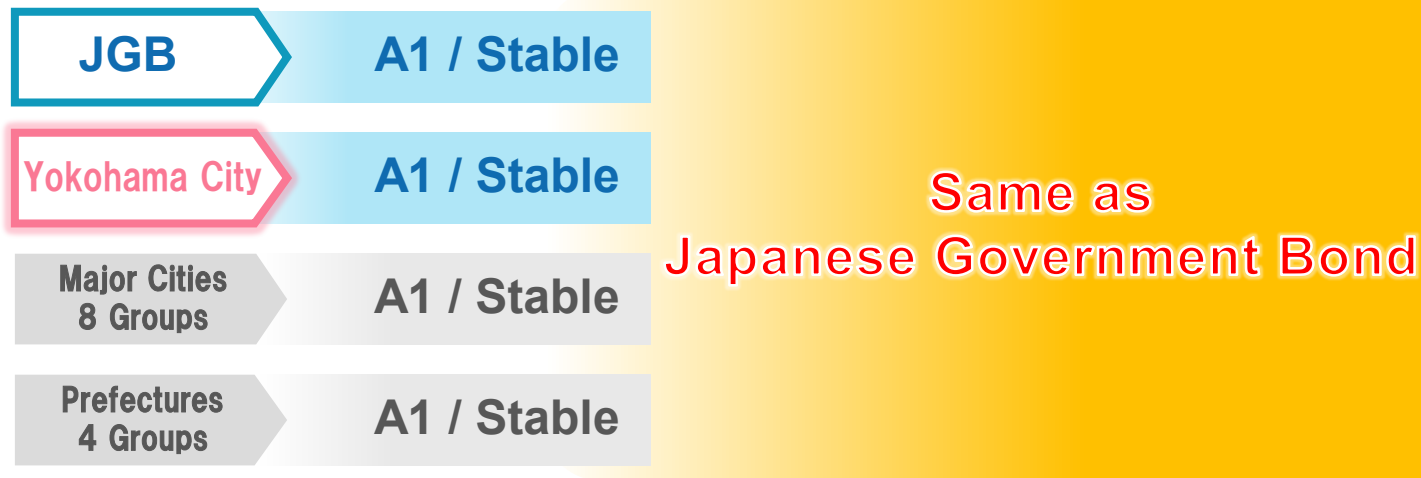
	FY2016 Initial budget	FY2017 Estimation
Revenue	15,140	14,910
General Sources	8,750	8,510
City taxes	7,140	7,150
Citizen Tax	2,940	2,980
Corporate citizen tax	560	500
Fixed assets tax	2,640	2,680
Local Allocation tax	170	160
Other (prefectural tax grants, etc)	1,440	1,200
City bonds	1,480	1,400
Specific revenue sources	4,910	5,000
Expenditure	15,140	15,430
Payroll costs	2,090	2,090
Bond repayment	1,870	1,880
Social benefit expenditure	4,540	4,700
Mandatory expenditure	1,570	1,690
Maintenance costs for facilities, etc.	2,290	2,290
Administrative management expenses / optional Expenditures	2,780	2,780
Difference : Revenues – Expenditures	0	▲ 520

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

Rating

- Moody's Investors Service of Municipalities(as of April 1, 2016)



Basis of rating

- (1) Benefit from Japanese strong system framework about local government, including financial support and strong monitoring to local finance (Strong system framework supports city finance)
- (2) Sound financial results (stable financial results by good expense management)
- (3) Financial discipline results (discreet financial management policy)

4

FY2016 Budget Scale and Bond Issuance Plans for Public Offering

Established market/investor friendly issuance method

Book-building has now been adopted

For all issues of all tenors

(spread pricing and uniform price release)

The book-building method was adopted for 10yr bonds

(Fixed syndicate groups type※ · Movement type)

※ Abolish fixed syndicate groups since FY2011

Book-building has now
been continued for all
issues of all tenors

~NOW

Solicited ratings were obtained

(The first among the public offerings of municipal bonds)

- Received market trust and appraisal

2015

30yr Sinking bonds was issued

- Second case in the national
(First scale for ¥10 Billion)

2010

2006

Shift to the independent pricing method (autonomy and independence)

- Start of a market/investor-friendly issuance policy

2004

2003

20yr public offering of bonds was **issued (the first among municipalities)**

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

FY2016 : **¥180 Billion** issuance (¥191 Million in FY2015)

(Unit : 100 Million Yen)

	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Annual Total	
Medium-Term Bonds	100			200			300			For Institutional Investors 1,800				
10-Year Bonds	300			400			700							
Super-Long-Term-Bonds	200			100			300							
Flex Quota	500						500							

※Hama-sai 5 suspends issuance since FY2016 because it doesn't attract investors under current low rate circumstances.



If you have any questions, please don't hesitate to get in touch

Yokohama City Home Page

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

Yokohama City Bonds Home Page

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

Contact Information

**Municipal Bond Section, Revenue Division, Financial
Affairs Department, Finance Bureau, City of Yokohama**

〒231-0017

1-1 Minato Machi, Naka-ku, Yokohama, Kanagawa

Tel : 045-671-2240

Fax : 045-664-7185

Email : za-sisai@city.yokohama.jp

**Contact: Information regarding expanding into
Yokohama City**

Yokohama City Tokyo Promotion HQ

〒100-0014

3F Prudential Tower, 2-13-10 Nagata-cho, Chiyoda-ku, Tokyo

Tel : 03-5501-4802 (Attraction of enterprise team)

Fax : 03-3597-6265

Email : ke-tokyo@city.yokohama.jp

Yokohama Supporters Donation (Hometown tax) Top Page **<http://www.city.yokohama.lg.jp/zaisei/kifu/>**