Ogal Project
Utilizing Town-Owned Land Through PPP

What does Ogal mean?
“grow” (ogaru) + “station” (gare)

What’s behind the Ogal logo?
[Red] human vitality
[Yellow] the earth
[Blue] water and the sky
[Green] green space

Sustainable growth in Shiwa
What is Ogal?

Redevelopment
• Shiwa’s redevelopment project
• The new town center

Connection
• To connect our urban and rural communities
• Environmentally conscious and aesthetically pleasing

“Only in Shiwa” Lifestyle
• Create a place where everyone can live, work, relax, learn, and try something new.
Shiwa at a Glance

- 20-minute train ride to Morioka, Iwate’s capital city
- A bedroom community
- Agriculture is the major industry

Population 33,204
Households 11,955
Area 238.98㎡
Expenditure 13.2 billion yen [FY2016]
Circulation Policy (since 2001)

Preserve and nurture our environment and pass it on to our children in 100 years

1. Organic resources circulation
2. Forest resources circulation
3. Inorganic resources circulation

Also... efforts to reduce CO2 emissions, ecotourism, etc.
1. Citizen-led autonomy building
   Citizen’s Participation Ordinance (2008)

2. Creating an environment to support citizen’s public interest activities
   A support center, coordinator training classes, community building support grants

3. Community building through efforts to solve local problems
   Visions and plans for each district
Shiwa’s Track Record on PPP

1. Septic tank installation PFI project (since 2005)

2. Shiwa Crematorium PFI project (2006)

3. Water services facilities project (2007 & 2012)
Definition of Public Private Partnership

By Toyo PPP School

Two principles of PPP

1. Allocate risks and returns
2. Governance through contracts
Why Public Private Partnership?

Challenges:

• Underutilized town-owned land
• Need for new town hall
• Public demand for town library
• Fiscal constraints

Opportunities:

• Mayor with strong leadership
• A qualified person for PPP agent
• Experience with PFI projects
• Partnership with Toyo University
Shiwa PPP Feasibility Study (August, 2007)

Partnership agreement with Toyo University

- 30-year plan for town-wide sustainable growth and economic revitalization
- Urban development through American model of PPP

Mr. Masanobu Okazaki, Toyo University alumnus

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Town Meetings and Market Research

Public input: 100 meetings in two years

For citizens
  • PPP Promotion Committee
  • Theme communities
  • Walk-in exchanges
  • Town meetings

For private businesses
  • Interviews
  • Walk-in exchanges
  • Survey by a research firm

Information disclosure
  • The project’s website

40 interested businesses
  • Market research
  • Business research group

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Shiwa PPP Master Plan

“Only in Shiwa” Lifestyle

- February, 2009
- Create an environmentally conscious and aesthetically pleasing area
- Enjoy both urban and pastoral lifestyles
- Connect our urban and rural communities

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Ogal Shiwa Ltd. (June 2009)

Shiwa Town

principal

mandates (contract)

Ogal Shiwa

agent
## Overview of Ogal Shiwa Ltd.

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<tr>
<th></th>
<th>Research Phase</th>
<th>Project Execution</th>
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<tbody>
<tr>
<td></td>
<td>June 1, 2009 - Foundation</td>
<td>Since 2011</td>
</tr>
<tr>
<td>President</td>
<td>Mayor of Shiwa Town</td>
<td>Yuko Yaeshima</td>
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<tr>
<td>Capital</td>
<td>¥ 3.9 million</td>
<td>¥10 million</td>
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<td></td>
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<td>(after capital increase from private businesses in 2010)</td>
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<tr>
<td>Structure</td>
<td>Project manager</td>
<td>Project director (PPP agent)</td>
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<td></td>
<td>Administrative staff</td>
<td>Farmer’s market project manager</td>
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<td>Administrative staff</td>
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<tr>
<td>Investment ratio</td>
<td>Shiwa Town 100% (78 shares)</td>
<td><strong>Shiwa Town</strong></td>
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<td><strong>Town-owned enterprise</strong> 39%</td>
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<td><strong>JA (agricultural cooperatives)</strong> 12%</td>
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<td><strong>Meat processing company</strong> 10%</td>
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<td><strong>TV station</strong></td>
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<td></td>
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<td>Bank A 5%</td>
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<td>Bank B 5%</td>
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<td>Bank C 5%</td>
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<td>Indiv. investor A 2%</td>
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<td></td>
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<td>Indiv. investor B 2%</td>
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<tr>
<td>Business description</td>
<td>Coordinating the Ogal Project</td>
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<td></td>
<td>• Property planning &amp; management (Ogal Plaza, Town Hall, commercial facilities, etc.)</td>
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<td></td>
<td>• Facility management (maintenance, tenant recruitment, etc.)</td>
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<td></td>
<td>• Coordination of Iwate Football Center project</td>
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Ogal Design Guidelines (March 2010)

Design Council

• oversees urban design in Ogal Project
• consists of five experts in architecture, landscape, graphic design, urban design, and marketing

A beautiful, lively, abundant, and refined environment through urban design.
Land Use of Ogal Area

Town Hall
Land & building ownership: town

Ogal Hoikuen
(day care center)
Built & owned: a private welfare services corporation
Land ownership: town

Energy Station
Building ownership: Shiwa Green Energy Co.
Land ownership: town

Iwate Football Center
Building ownership: Iwate Football Association
Land ownership: town

Ogal Town
Lot & building ownership: homebuyers

Ogal Base
Built & owned: Ogal Base Ltd.
Land ownership: town

Green Square at Ogal
Built & owned: town

Ogal Plaza
Building ownership: Ogal Plaza Ltd. and town
Land ownership: town

Ogal Centre
Built & owned: Ogal Centre, Ltd.
Land ownership: town

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Iwate Football Center

Opened: April 30, 2011
Operating body: Iwate Football Association
Total floor area: 1 football pitch
Business scheme: PPP (RFQ, RFP)
Cost: ¥175 million (USD 1.6 million)
Notes: #1 Agreement among the town, Ogal Shiwa, and Iwate Football Association
#2 Built on top of a dry well
#3 Clubhouse donated to town
#4 The association’s HQ relocated
#5 Convenient location for users
Ogal Plaza

Opened: June 20, 2012
Operating body: Ogal Plaza Ltd.
Total floor area: 5,822.34 m²
Business scheme: PPP (RFQ, RFP)
Cost: ¥810 million (public block only)
(USD 7.6 million)
Notes: #1 Town purchased the public block of the complex (40% of the cost was paid by a government subsidy)
#2 Sectional ownership (public and private)
#3 Use of project finance
#4 Find tenants in advance
#5 Use of local lumber and local builders

Strategy to attract people who are not shoppers
Ogal Plaza

East wing
2F Childcare center
1F Café, clinics, optician

West co-owned block
Staircase, elevator, machine room, bathrooms, etc.

Joho Koryukan
2F Community center
1F Library

West wing
2F Offices, tutoring service
1F Farmer’s market, restaurants
Ogal Plaza’s Business Structure

【Ownership structure】

Building
- Koryukan (owned by town)
- Private block (owned by Ogal Plaza, Ltd.)
- Quasi co-ownership (town)

Land
- Fixed-term lease for business (Ogal Plaza, Ltd.)
- Land owned by town

※ Owners are in charge of the maintenance of each owned block. The maintenance of the co-owned parts is paid by both parties according to the percentage of ownership.
Shiwa Library

Opened: August 31, 2012
Operating body: Shiwa Town
Total floor area: 1,573.83 m²
Concept: Encourage citizens to learn, study, and play
3 principles:
#1 Connect children with books
#2 Collect and archive documents about Shiwa
#3 Support local industry
Stats: About 96,000 books
15,572 library patrons
Average 664 visitors/day

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Green Square at Ogal

Opened: August 31, 2012
Operating body: Shiwa Town
Total floor area: Green East 3,597 m²
Green West 3,260 m²
Sculpture Park 4,587 m²
Business scheme: Public works
Cost: ¥330 million
(USD 3.1 million)
Notes: #1 40% of the cost was paid by a government subsidy
#2 Public input through workshops during the designing process
#3 Space to connect the buildings around it and to create rich environment
#4 46 events & 146 uses for BBQ
Ogal Base

Opened: July 2014
Operating body: Ogal Base Co.
Total floor area: 4,267 m²
Notes: #1 Mixed-use building (arena, hotel, restaurants, offices, shops)
#2 World-standard volleyball court for niche market
#3 Accommodations catering to both business people and athletes
#4 Use of local lumber and local builders
#5 Volleyball academy to nurture leaders in the next generation

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Shiwa Town Hall

Opened: May 2015
Operating body: Shiwa City Hall Ltd.
Total floor area: 6,650 m²
Business scheme: PFI (Build, Transfer, Operate)
Cost: ¥3.38 billion (USD 32 million)
Notes: #1 Largest wooden city hall
#2 Use of local lumber and local builders
#3 District heating system

A wood chip boiler in the Energy Station

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Ogal Town

Lots: 57
Lot size: 228㎡
Notes: #1 No middleman
#2 Shiwa-style ecohouse
  a) 48kWh/㎡ or less for annual heating requirement
  b) 0.8㎠/㎡ or less for permitted air leakage
  c) 80% or more of local timber usage for structures
#3 Registered home builders
#4 Ogal Town Landscape Codes

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Energy Station

Operating body: Shiwa Green Energy, Ltd.
Note: District heating (heating, cooling, hot water) by wood chip boiler (500kW)
Ogal Centre

Opened: December 2016
Operating body: Ogal Centre, Ltd.
Total floor area: 1,189㎡
Business scheme: Fixed-term lease, coordinated by agent
Investors
- Ogal Shiwa ¥5 million
- MINTO ¥40 million (equity)
- Town ¥40 million
Notes:
- #1 Town-run education support center
- #2 Pediatrician’s clinic and day care for sick children
- #3 Services to support families with small children
- #4 Complements the other services in the area
Ogal Hoikuen

Opened: April 2017

Operating body: Kyojokai (private social welfare services corporation)

Total floor area: 1,192㎡

Business scheme: Fixed-term lease for business, proposal solicitation

Notes:
#1 The first day care center built and run by a private corporation
#2 Coordinated by Ogal Shiwa, Ltd. as PPP agent
#3 Use of local lumber and local builders
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<th>Facilities in Ogal Area</th>
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<td><strong>What town paid</strong></td>
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<td><strong>Size</strong></td>
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<td><strong>Notes</strong></td>
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Ogal Area Figures in FY2016

Visitors

Iwate Football Center  43,000 users
Community center  345,000 visitors
Library  194,000 visitors
Day care center  12,000 users
Farmers’ market  348,000 checkouts
Corporate tours  268 groups

<FYI>

Station ridership  2,879 people
(Counted in May, 2017)

Transactions

Farmers’ market sales  ¥537 million
(USD 50 million)
Ogal Project Conclusion

Shiwa’s challenges
- Underutilized public land
- Demands for new public facilities

Public private partnership
- Selecting appropriate schemes

Ogal Shiwa
- PPP agent
- Increase real estate value

Shiwa Town
- Livable town
- Attract private investment

Private sector
- Try to tap into local markets
- Create jobs

Increase the number of residents and visitors

Local resources utilized by local residents

Achievements
- New residents: 450
- Visitors: 960,000
- Jobs created: 250

- Link Ogal Area with the rest
- Economic ripple effects throughout the town

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