

MUNICIPAL ASSETS MANAGEMENT MUNICIPALITY of VATRA DORNEI

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Case Study Summary

Situation before starting the project

- From the institutional point of view, Vatra Dornei City Hall did not have any specialised department in management of public or private municipal assets.
- Municipal Public Services, Urban Planning Department, Cadastral Department, Revenues and Economic Department, including Pay Office, were not working within an integrated system.
- Technical information about land and buildings were in phase of correlation with the juridical information. Many of the assets were subject of retrocession process, process that was going on according with existing legislation.
- Sale price of local council assets was not actively correlated with the price set by local market.

Project Implementation

Implementation of the project technically covered the following phases:

- Inventory and assets classification
- Analysis of properties
- Sale strategy for the commercial properties
- Acquisition of equipment needed within the project.

From the organizational point of view, the project was carried on through:

- Partnership between city hall's team and consultants team, when technical components were realised.
- Meetings with IHS team of trainers and local trainers which developed the training manual in Municipal Asset Management.

Participants involved into the process

During the project, City Hall of Vatra Dornei assumed an active role by taking initiative and supporting consultants' team during the implementation phase of the project - Nicolae Tarălungă, PhD Arch, IHS Romania srl Henri Schreurs and. City Hall responsible was the Head of Revenue Department, Mr. Costel Ungureanu, who formed the working team along with the Mayor, Mr. Constantin Hutanu and Head of Economic Department, Ms. Rodica Albei. The team represented the municipality in programs realized during project implementation.

Project Results and Impact

The project achieved in the end the following:

- Property classification
- Data base development
- Property analysis
- Privatization scenarios for commercial built spaces
- Institutional scheme of asset management.
- Equipment for data base development.

The impact of this project was realized in terms of enhancing the municipal capacity to organize an assets management department, capacity

accountable by quality of human resources and level of technical equipment this department holds.

1. Introduction

1.1. Case study objective

The general objective of this case study is to present the first project in Romania in area of municipal assets management, to be useful also to other local administrations in the process of creating its own institutional structure, in charge with balancing the revenues and expenditures generated by the municipal assets portfolio. In detail, the case study objectives are the following:

- Raise the general awareness regarding the need of a managerial approach of the proprieties portfolio held by local administration;
- Ensure information about municipal assets typology;
- Present assets management from the phase of inventory and classification to the phase of evaluation methods elaboration for commercial properties under conditions of demand and supply set by local real estate market;
- Include the case study within the training manual developed by IHS under component "Municipal Asset Management".

1.2. Existing problems before the project

Vatra Dornei City Hall has requested technical assistance from team of consultants in analyzing the internal institutional climate regarding the administration of municipal asset portfolio and also proposals of ways to improve city hall's performance, starting from four major problems:

- From the institutional point of view, Vatra Dornei City Hall did not have any specialized department in management of public or private municipal assets the city halls owns, or any specialized personnel.
- Revenue department was in charge, according to the existing legislation, with administration of lease fees and other fees established for housing spaces, commercial spaces and land.
- The lease value was not correlated with the market value because of the lack of an organized database containing also the market values for the properties of Vatra Dornei.
- Municipal Public Services, Urban Planning Department, Cadastral Department, Revenues and Economic Department, including Pay Office, were not working within an integrated data system, to be able to compare the revenues generated by city hall's properties with the level of costs needed for properties maintenance and repairs.

1.3. Vatra Dornei project objectives

The project has had four objectives established both by team of consultants and city hall of Vatra Dornei during the first mission in February 2002. These objectives were as follows:

- Registration of all municipal assets into a single comprehensive database with the scope of raising the management capacity of city hall's executive regarding matters of properties.
- Ensure data regarding market value of the properties with the scope of linking the asset portfolio value with the whole circle of the real estate market and with the city's economical profile.
- Formulate a multi-year plan to indicate the financial consequences for the local budget from the retrocession/privatisation of proprieties administrated at this time by city hall,
- Develop an asset management strategy based on experiences in other countries.

1.4. Key concepts

The general idea of the project was based by the real fact that municipal asset management in Romania represents an institutional structure problem regarding the way of organizing and usage of data regarding municipal assets. Starting from this point, this project aimed to enhance the city hall's capacity to manage the assets portfolio through rethinking the way of organizing and using data and information regarding municipal assets in three directions:

- Formulate a general policy on local economic development by maintaining, raising or reducing assets portfolio, function of macroeconomic or demographic variables.
- Keep the balance between level of maintenance costs and level of revenue costs to protect the annual budgetary forecasts.
- Generating revenues by putting to good use the commercial spaces with the scope of making operational the new decentralized public functions to the local level.

1.5. Case study structure

Objectives and results of the project are presented within this case study following the line of realized activities included into an action plan, formulated before the project started. After a general project presentation into the first chapter, the study presents in chapter 2 general information about Municipality of Vatra Dornei insisting on problems specific to the project, city hall organizational structure and local budget as key analysis elements contained by the action plan.

Chapter 3 lists operational instruments, organizational structure, project implementation process and how this was linked to the training component for disseminating project's results in its different phases. Chapter 4 brings into discussion project's results compared with initial objectives and proposed strategy. Results are described starting from elements of organizing an

informational structure with competencies in municipal asset management, including design of a database, management policies regarding assets maintenance programs, operational costs and linkage with local budget. Chapter 5 presents project's general conclusions under the context of existing local resources and legal framework in Romania. To this chapter a Power Point presentation is attached, describing the significant elements of Vatra Dornei project.

2. General information and analysis of problems

2.1. Presentation of Vatra Dornei municipality

The City of Vatra Dornei is 804 meters below sea level and is crossed by Bistrita and Dorna rivers. It is formed by following distinct units: Centru-Băi, Gura Negri, Argestru, Miriștea, Roșu and Petreni. City of Vatra Dornei has an area of 14434 hectares. Out of city administrative area, 344 hectares are yards and buildings, 369 hectares are land with diverse functions, 252 hectares are agricultural fields, 1190 hectares are grass-land, 1762 hectares hay-land, 1 hectare is meadow, 105 hectares are roads, 348 hectares are unproductive land and 10.063 hectares are woods. Population counts 19.036 inhabitants.

The economical profile is given by tourist services and health services developed as a result of mineral water springs. The main economic activities are agriculture and domesticated animals' breed with collateral activities. Through privatization and private sector development, in full development are the activities of milk processing, cheese, wood processing, mineral water, meat processing, automotive for wood processing. The unemployment rate was constantly under 3 percent during the project.

2.2. Presentation of City Hall and Local Council structure

Vatra Dornei local council is formed from 19 elected members. City hall's executive works under command of the elected mayor and counts 360 persons, out of which 16 have management functions, 78 have executive functions and 266 are working in public services (see city hall's chart in appendix 1 a).

2.3. Description of municipal assets

2.3.1. The properties: The properties are registered in 6 distinct classes: one class for buildings and land, and 5 for different type of equipment, public transportation, furniture and other types of mobile goods. The registry of goods offers information about the object, the accounting value and its location.

The local council owns 339 of public buildings. The private domain of local council is composed, according to contracts registry of Cashier's office, 608 houses, 84 commercial spaces and 1391 lots of land. These data are not

stable because of retrocession process. At the end of 2002 160 requests were registered, out of which 145 under city hall's competency. 40 requests were asking for building retrocession, and 105 were asking for land retrocession. The retrocession process takes place according with DL 61/1990, L 85/1992, L 114/1996, OUG 40/1999 and L 10/2001.

Law 550/2002 establishes the obligation to evaluate and sale the buildings with commercial functions held under city hall administration. That means 47 de units, commercial spaces with a total area of 2396,37 square meters and warehouses with a total area of 1689,16 square meters. Besides, according with the General Urban Plan rules and regulations, 15 units with commercial function will be demolished, representing 445.82 square meters.

The cadastral maps are under a process of actualization, through a program financed by Ministry of Public Works, Housing and Transportation. Today, the inner city area has technical and juridical information. The process of actualization will continue until end of year 2005. Because linkage of physical information with juridical information is not completed, the municipality receives revenues out of assets operation, and is responsible with maintenance works.

2.3.2. Setting the sale / concession price for assets from the city hall's private domain: The evaluations process starts from a document stating the reason to sell/buy and propose a price. The document is completed with wanted function, cadastral sheet and technical expertise report regarding land evaluation.¹ The calculation formula used for evaluation has no linkage with land market value or with value of solicited production function, but is accepted by law (see appendix 1b). For concessions, annual fixed payment is indexed with the annual inflation indicator.

2.3.3. Municipal assets and local budget: The calculation base for sums needed for operating and maintenance is the same as previous year. It is not used yet an analytical approach of each leases contract. Therefore, the budget itself can not be considered, from the asset management point of view, a credible source of information regarding collection rate of leases or fixed payments. The local budget revenues resulted out of municipal asset administration between 2001-2003 were as follows:

Revenues in ROL	2001	2002	2003 (estimated)
Total own revenue	15.843.417	23.478.421.29 4	42.613.019.00 0
House lease fees revenue	400.000.000	106.962.330	1.000.000.000
Commercial Spaces revenue	2.300.000.000	5.786.556.368	1.700.000.000
Land concessions revenue	1.000.000.000	1.619.077.302	2.000.000.000

¹ / The expertise is done according with law 54/1998 regarding juridical land circulation, law 50/1991, L 834/1991/ modified in 1998 with criterias set by MLPTL and MFP nr. 2665/1C/311/1992 and with Informative Buletins of Technical Experts Body Corpului no. 46/1998

House sales revenue	60.000.000	14.661.222	15.000.000.
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The asset-portfolio maintenance costs are based on an inventory of urgent needs and usually are under evaluated (the year 2002 forecast was 2 billions of lei, but in 2001 7,9 billions were spent).

2.3.4. Revenue Collection: The lease and fixed payments collection procedure does not meet the international standards that set the separation of functions. The project proposed procedure of revenue collection is to separate the registration function (all the necessary activities to set the market value) from the collection procedure (all the activities needed to collect the established sums).

2.3. Analysis of problems

The project analyzed categories of problems existing at municipality level and which could have been solved or improved. The following categories of factors that represents barriers in achieving a successful municipal asset management were inventoried and them will automatically became subjects of future intervention:

Propriety: The existing situation of assets retrocession makes difficult to decide long-term investment in assets maintenance since level of revenue to the local budget will gradually drop, directly with retrocession. This situation generates, on medium term, uncertainty in forecasting revenues and expenditures of municipal assets, and also progressive degradation of buildings.

Information about properties: City Hall does not held at the beginning of project a database specifically designed for owned assets, either public, private, inside or outside city boundaries. This makes impossible a correct asset administration from the point of view of calculating the lease value according to the market value of the propriety, or to establish the maintenance and repairs fund for these proprieties. Besides, in case of selling part of its patrimony, the city hall does not have accurate information to be into an advantageous position to negotiate the transaction price.

Property value calculation formula: Lack of a map indicating assets market value and importance of each property for the city hall determine the fact that city hall can not play an important role on local real estate market, with scope of reaching economical or social objectives, or to control speculative actions with land or buildings. In respect with the concession value, if we compare the banking loan with the land concession, the city hall does not use an indicator to measure, like in case of interest for a banking loan, the interest over value of a postponed payment.

Local Budget: Regarding asset management, the budget itself can not be considered a credible instrument of information about the collected leases or fixed payments. This generates a state of uncertainty when forecasting revenues or expenses for the next year and a lack of understanding the

commercial patrimony as a source to finance the social objectives of city development. In respect with costs evaluation, it is not yet operational a medium-term maintenance plan of existing assets portfolio. This makes difficult, when budget formulation occur, to sustain patrimony objectives over other classes of expenditures.

Revenue Collection: Separation of registration activities and revenue collection activities represents a fundamental problem according to international standards in public finance. Because this separation does not exists at present time, it is difficult to correctly estimate revenues generated by municipal asset, it is difficult to audit the integrity of the revenue system and the actual moment of collection and it is impossible to find out what is the exact level of received sums.

3. Strategies and actions

3.1. Operational strategies: Tools and organisational structure

The project's general strategy was directed to (1). Establish one comprehensive municipal assets database, containing assets portfolio, land and buildings that belong to municipality of Vatra Dornei and (2) Nominate and charge an internal department with this activity. As a working instrument, an Excel database was proposed in the first phase to be developed and also a 1:1000 scale map to be able to locate the proprieties. Consultants propose that Revenue Department within Vatra Dornei city hall will be responsible the municipal asset management with the following tasks:

- Keeping the database up to data after it's development and during the project;
- Transmit information to other departments within city hall that process information regarding municipal assets;
- To compile management reports for the mayor or local council.

Project recommends to separate the revenue collection activity from contract registration activity and to create an independent Cashier's Office within Economic Department.

Activities of information collection require collaboration between various city hall's departments who work with assets (revenue, economic, urban planning, cadastral, public services), collaboration that will lead to the first step to obtain a municipal database. The database will contain for each property the following main data:

- Address of the property (street, number)
- Use/destination and surface
- Name and address of the tenant
- Market value of the asset
- Indications regarding need of maintenance works
- Yearly revenues and expenditures

From the process point of view, the project propose in the first phase the following activities:

- To design a database format in "Excel" for data input;
- To gather all necessary data;
- To establish market values of assets;
- To clarify the ownership situation;
- To enter all data in the computer

The second phase of the project proposes the asset-portfolio analysis and local policy formulation. Once finalized the inventory of municipality's assets part of private or public domain, it will be analyzed the way they annually perform from the financial point of view: revenues and expenditures. The analysis will turn into a local policy that will define the role of municipal assets in formulating general objectives for city development, going in depth to urban aspects, local budget and market value of commercial properties.². Activities realised in this respect are:

- Asset portfolio analysis;
- Policy formulation regarding local patrimony;

For an accurate policy formulation regarding municipal assets and for a better linkage with the local budget it is necessary to evaluate the level of revenues and expenditures for each property. In this respect a medium term maintenance scheme will be draw-up, containing maintenance works and its costs. The scheme will be used to establish level of expenditures and priorities.

The present process of restitution to private persons has a substantial impact over the local budget. Within the project will be created a model of financial calculation based on restitution scenarios of these properties. Activities to be carried out in this respect are

- To draw up a maintenance scheme for proprieties owned by local council;
- To develop and present some development scenarios in order to assess the financial impact of the restitution process.

3.2. Project Management

To ensure project success, according to city hall's intentions and wishes, it was proposed to establish a steering committee, which to be part the following persons:

- Mayor of Municipality (as committee president)
- One representative of the Committee for Economic Affairs
- One representative of the Committee for Urban Affairs
- Economic Director
- Head of Revenue Department

² / Consultants' proposals were debated with project's workgroup, regarding some clauses from lease / concession contracts, indicators to establish the market value, formulas to calculate lease value, decision making criteria for selling or conceding land, starting from initial request up to contract signing.

- The Romanian Consultant

Main aspects to be discussed are:

- The report presented by project manager / Romanian consultant;
- Discussing and solving the problems;
- Work plan approval for the period next to last report.

3.3. Project implementation and training of city hall personnel

List of proposed activities demands realization of a training program for city hall's personnel. The role of training component is to train the civil servants to continue the project after it ends. Civil servants will have to know how to report to the mayor and/or to the local council aspects regarding municipal assets portfolio. During the project, training will be taken to ensure that civil servants will be capable to fulfil future tasks. Besides, project team will collect data to compile a case study based on the accumulated experience.

3.4. Project Action Plan

1. Process control	Responsible	Period
1. Decision to install the working group	City Hall	April-May
2. Meetings of the working group	Group members	Monthly
3. Visits of Romanian consultant	Romanian consultant	Monthly
4. Visits of Netherlands consultant	Netherlands consultant	02-07-09-12 2002
2. Decisions on the Organisation (proposals)		
1. Elaborate structure and establish a municipal asset database	City Hall / Romanian consultant	March - April
2. Assign the Revenue Department with the municipal asset management	City Hall	March - April
3. Possibility to introduce an independent Cashier's Office	City Hall	March-October
3. Collecting and processing of data		
1. Establish scheme of database in "Excel"	Romanian consultant	May/June
2. Establish assets market value	Consultants/revenue department	May-September
3. Ownership title clarifications	Revenue department	May-September
4. Data inputs in "Excel"	Revenue department	End of September
5. Map indicating all assets	Consultants/revenue department	May-September
5. Monitoring/controlling project progress	Romanian consultant	Monthly
4. Database analysis		
1. Analyse the assets portfolio	Consultants/revenue department	October-December
2. Formulate an asset-policy	Consultants/revenue department	October-December
3. Elaborate an operational guide	Consultants/revenue department	October-December

5. Supporting schemes		
1. Medium-term assets portfolio maintenance scheme	Consultants/revenue department	October-December
2. Assets restitution scenarios	Consultants/revenue department	October-December
6. Training	Consultants	
7. Compiling a case study	Romanian consultant	January - March 2003

3.4. Impact analysis of internal and external factors during the project

During its progress, the project was carried on under stable conditions as a result that the city hall requested the project to be realized in Vatra Dornei. Issue of law 550 at the end of the year, at the same time with end of project, required to redraw the initial proposed results regarding realization of financial scenarios for the process of property retrocession to the private ex-owners (see comments on subchapter 3.5 Results, component 4, pct 1.12)

3.5. Results

The project results were strongly linked with the general objectives of the Matra-pme project and with the four specific objectives set by team of consultants and Vatra Dornei city hall during month of February 2002. According with these objectives, project results are organized on 5 components:

Component 1: From the point of organizational structure:

- 1.1. Municipal asset management was given in charge of Revenue Department within city hall, department directly under command of the mayor.
- 1.2. Although there is no separate Cashier's office, according with internationally accepted standards, at the end of the project the city hall Cashier's office was working under an acceptable level of independence from Revenue Department.
- 1.3. Development fund within the project was used for hardware and software acquisition in order to develop a central database containing city hall's assets;

Component 2: From the point of view of data collection:

- 1.4. The format of the database was discussed, accepted and installed on computers of city hall's revenue department (see appendix 2,3,4 and 5).
- 1.5. All known municipal assets are included into the database, even if some information regarding proprieties are still in progress to be collected;

- 1.6. Due to small amount of transactions out of which accurate information regarding property values on the real estate market can be collected, at the end of the project it was suggested that this information will be inserted into the special column regarding proprieties, as soon as that information will be available, as a result of real estate market development;
- 1.7. Finalization of filling the database is estimated, according to revenue department, by the end of March 2003.

Component 3: Additional schemes for project continuation.

- 1.8. 1.8. When database will be completed, revenue department and technical department will develop medium term plan regarding operational and maintenance costs, plan that will be linked in the future with the process of annual budgetary forecast;
- 1.9. Because information regarding the retrocession process was not final, and because the issue of law 550 consultants could not develop detailed post retrocession scenarios with impact over the budget, the consultants decided to formulate a general scenario for the two categories of properties. (See content of component 4):

Component 4: From the point of view of property analysis and assets portfolio policy formulation

- 1.10. By the issue of law 550 at the end of 2002 and also due the end of the project, the Vatra Dornei asset-portfolio will be composed, after selling the commercial spaces, from public function buildings and land within or outside city boundaries, land that will be conceded and / or sold.
- 1.11. For remaining properties, city hall's asset management policy is limited to formulation of 3 general rules regarding the development of a mid-term program for assets maintenance, reducing operational costs of buildings and linking information of the assets database with the local budget.
- 1.12. The financial impact of property sales and retrocession was developed according to data received at the end of the project and it was issued to help the city hall to formulate scenarios with impact over the budget, underlining 3 parameters:
- Value of property to be sold (F13)
 - Formula regarding percentage of properties to be sold in year 2003 (F14)
 - Idem for year 2004 (F15)

Component 5: Implementation and training

- 1.13. Project results during progress of some representative phases were used to feed the training manual for local public administration in domain of municipal asset management. During the project, five training programs

were organized under the training component, having as trainers the local consultant and representatives of Vatra Dornei city hall team;

- 1.14. Project itself is compiled into a case study to be utile to other municipalities in Romania or organizations interested in training programs for Romanian public administration.
- 1.15. During the project the planned missions turned into training sessions due to the dialog between team of consultants and city hall personnel.

4. Project impact evaluation

The project impact is quantified by obtained results at the end, at December 202, and by deliverables left to city hall with the scope to continue the process started by Matra-pme project. To continue the presentation, the project results will be measured like they were presented in chapter 3, subchapter 3.5.

Component 1: From the point of organizational structure:

1.1. Municipal asset management was given in charge of Revenue Department within city hall, department directly under command of the mayor.
Objective achieved

1.2. Although there is no separate Cashier's office, according with internationally accepted standards, at the end of the project the city hall Cashier's office was working under an acceptable level of independence from Revenue Department: Objective not achieved, being linked by the need of changing the city hall's organizational chart and therefore, by legal procedures requested by this initiative. In spite of this fact, a scheme regarding information and money flow was presented with the scope of introducing in city hall's practice the concept of separation regarding activities of registration and revenue collection. (see appenix 7);

1.3. Development fund within the project was used for hardware and software acquisition in order to develop a central database containing city hall's assets.
Objective achieved.

Component 2: From the point of view of data collection:

1.4. The format of the database was discussed, accepted and installed on computers of city hall's revenue department (see appendix 2,3,4 and 5).
Objective achieved for 60% at the end of the project, but it continues until achieved 100%.

1.5. All known municipal assets are included into the database, even if some information regarding proprieties are still in progress to be collected: idem 1.4.

1.6. And 1.7. Due to small amount of transactions out of which accurate information regarding property values on the real estate market can be collected, at the end of the project it was suggested that this information will be inserted into the special column regarding proprieties, as soon as that information will be available, as a result of real estate market development.: Objective was partially achieved by reserving a column into the assets database. As long as the real estate market will develop itself and credible information will appear, this column will be fully complete the database.

Component 3: Additional schemes for project continuation.

1.8. When database will be completed, revenue department and technical department will develop medium term plan regarding operational and maintenance costs, plan that will be linked in the future with the process of annual budgetary forecast.: Objective under development within the city hall.

1.9. Because information regarding the retrocession process was not final, and because the issue of law 550 consultants could not develop detailed post retrocession scenarios with impact over the budget, the consultants decided to formulate a general scenario for the two categories of properties. (See content of component 4): Objective achieved.

Component 4: From the point of view of property analysis and assets portfolio policy formulation

1.10. and 1.11. For remaining properties, city hall's asset management policy is limited to formulation of 3 general rules regarding the development of a mid-term program for assets maintenance, reducing operational costs of buildings and linking information of the assets database with the local budget. Objective achieved through the cumulated effect of components 2 and 3.

1.12. The financial impact of property sales and retrocession was developed according to data received at the end of the project and it was issued to help the city hall to formulate scenarios with impact over the budget, underlining 3 parameters:

- Value of property to be sold (F13)
- Formula regarding percentage of properties to be sold in year 2003 (F14)
- Idem for year 2004 (F15)

Objective achieved within component 3, 1.7

Component 5: Implementation and training

1.13. Project results during progres of some representative phases were used to feed the training manual for local public administration in domain of municipal asset management. During the project, three training programs were organised under the training component, having as trainers the local consultant and representatives of Vatra Dornei city hall team. Objective

achieved by finalising the training manual and training programs organised by INA.

1.14. Project itself is compiled into a case study to be utile to other municipalities in Romania or organizations interested in training programs for Romanian public administration. Objective achieved by publishing the case study

1.15. During the project, planned missions turned into training sessions because of the dialog between team of consultants and city hall's personel: objective achieved by meetings organised during the project and by materials left to beneficiary of the project.

5. Conclusions

This case study presented a complexity of aspects local administration is confronting with, not only from Vatra Dornei but also other cities of Romania or countries from Eastern and Central Europe. This is the reason why results obtained on this project must be perceived through their importance for other cities with transition economies.

Municipal asset management is a new lesson for Romanian public administration, both central and local. For the first time after 50 years, Romanian local councils holds properties that generate revenues to local budget but also require expenditures to operate and repairs. Romanian city halls administrate properties, from the public or private domain, but they don't have a strategy to use and develop property portfolio. This case study emphasize the need of city halls to build the management capacity of these assets, considering the following:

1. The way local administration makes an inventory of properties is a passive one. These are classified in function of tasks of different city hall's departments and therefore there is no mobilizing role in building managerial capacity of local city halls. This is why city halls must classify their assets based on new criteria. The reason to proceed this way results from reality that city halls will have to make the difference between first importance properties and second importance ones.
2. Secondly, city halls will have to consider land characteristics, and therefore the localization factor will be a crucial element in evaluating properties. Plus, city halls will have to reconsider their position on the real estate market and to play an active role in setting the balance between the supply and demand of land, and indirectly the price of land.
3. The impact of decentralization process can be disastrous from the economical, social and environmental point of view, if city halls have no resources to solve the new competencies. The financial role of municipal assets must be understand correctly by local administration that receive new competencies from the central administration,

competencies delegated to the local level. From this point of view, law 550/2002 does not help the local administration.

4. The total amount of revenues resulted from land and buildings owned by city halls are not presented detailed and distinct into the local budget. By not knowing exactly these revenues, it is hard to determine the local council to allocate funds for repairs and property maintenance. Besides, the city hall is not used to take into account revenues from different scenarios of the real estate market. Therefore, it is necessary that the decision making process regarding generating revenues out of property will be realized using scenarios, in order to be able to formulate the best decision regarding municipal assets management.
5. Urban planning activity must facilitate a good asset management. These to activities are linked together and they exchange data that stimulates the development of the other. The practice of strategic planning is used less in Romania, the statutory plans leading to the fact that decision about location of investments to be taken without taking into account the links with supply and demand of land or buildings. The development plan and use of strategic planning will significantly sustain the efforts of municipalities to generate value out of property portfolio.
6. The mechanism of local administration in Romania is not yet sufficiently sensitive to demographical and economical changes. Urban development is a continuous phenomenon and therefore the revision of database regarding land and buildings must become a permanent task of the administrative unit responsible with municipal asset management in four directions:
 1. General data about the property
 2. Data about the lot of land (including level of non occupancy if any)
 3. Data about building (including level of non occupancy if any)
 4. Data about value of the property
7. The commercial assets must be taken into consideration when it comes to their evaluation through various forms other than a simple mathematical formula, which can not cover the complexity of the real estate market. The methods used must be orientated to the identification of profit generated by a property or, when possible, the comparison with other similar property. This will surely lead to a rigorous organization of the database to the movements on the local real estate market.
8. In the end, we underline the organizational matters regarding municipal asset management. Practical recommendations formulated during the project and now in this case study are depending on the capacity to distinguish different competencies regarding this subject. To achieve performance, the next aspects are to be followed:

- a. Separation of responsibilities for those who are managing the properties and those who maintain the properties.
- b. Creation of new organizational units that will take responsibility for assets management, within the structure of city hall or outside.
- c. Asset Management is a matter of new attitudes, knowledge and experience. Therefore, the superior educational system in Romania should organize sessions of post-graduate studies in this field, to meet the demand existing in local administration.

Contact information:

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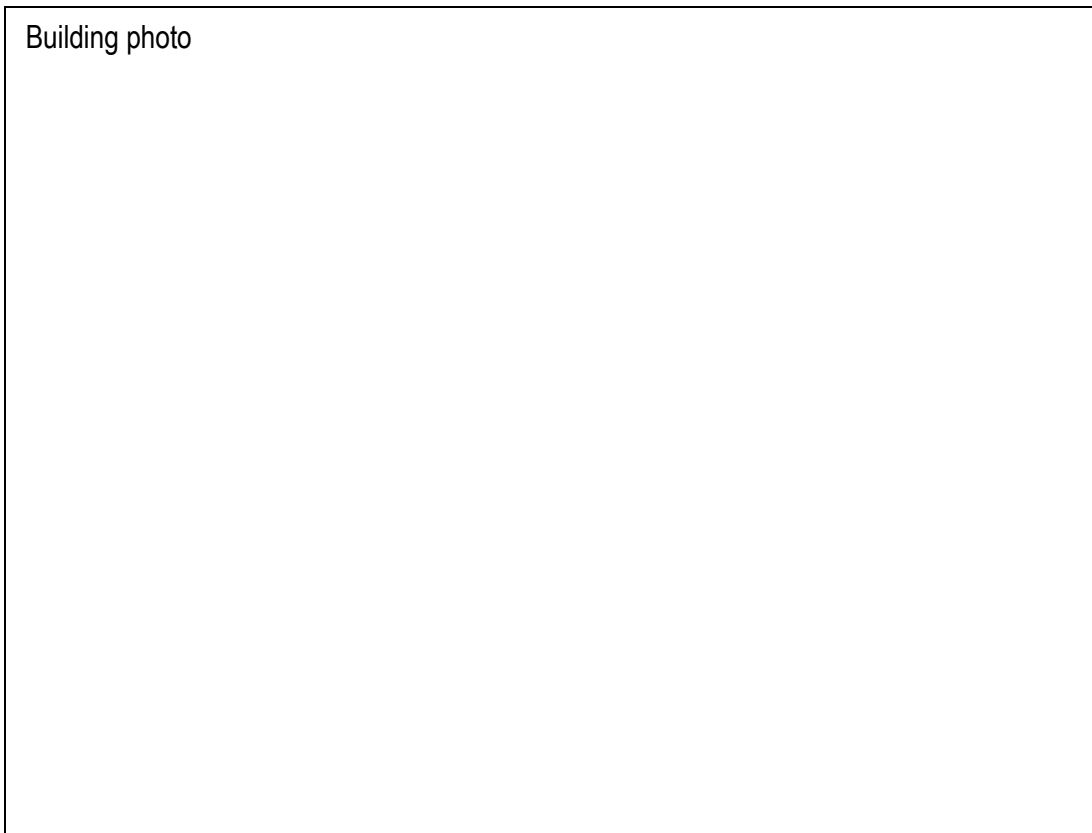
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Appendix

Property file

**VATRA DORNEI CITY HALL
- Revenue Department -**

Building photo



PROPERTY FILE NO:

Address:

Street:

Number:

PROPERTY FILE CONTENT:

1. Plan of location within the municipality, scale 1:2000

A4 paper format indicating property (s) outline within the administrative area, inside city boundaries or outside city boundaries

2. Situation Plan sc. 1:500³:

A4 paper format indicating construction (s) outline, area of owned land, ways of acces to construction(s)

3. Plan of Networks sc. 1:500⁴:

A4 paper format indicating construction (s) outline, area of owned land, ways of acces to construction(s), major utilities networks and points of conjunction to the building.

4. Building Sheet (see appendix 3)

5. Building Plans:

- Plan of basement sc. 1:100
- Plan of ground floor sc. 1:100
- Plan of stories 1-4 sc. 1:100
- Transversal section sc. 1:100
- Longitudinal section sc. 1:100
- Facades with street entrances sc. 1:100
- Centralization sheet of land areas and building areas containing data about:

1. Total Areas (mp):

Land area

- Total constructed area
- Util Area

2. Areas per tenant (mp):

Land area

- Total constructed area
- Util Area

6. Consumption management contains:

- Information about optimal consumption for the owner
- Information about real consumption of the tenants

a. Optimal pattern of use /person

- Energy
- Water
- Heat

b. Optimal pattern of use/mp util area

- Energy
- Water

³ / This plan will be copied from the data base of Urban Planning Department

⁴ / This plan will be copied from the data base of Urban Planning Department

- Heat

c. Total consumption:

- Energy
- Water
- Heat

d. Consumption/tenant:

- Energy
- Water
- Heat

7. Information about each tenant and lease fee regarding:

- Typology of space (situation 1,2,3,4)
- Function of space
- Leased Area/tenant
- Value of the monthly lease fee per tenant
- Name of tenant (s)
- Contract's period

8. Lease contract contains:

- Signed contracts and registered, with each tenant

9. File revision contains:

- Information about the legal period when file revision is done

What the file revision consists in:

- Areas
 - Function
 - Plans
 - Tenant
 - Lease
 - Others
- Date of the last file revision
- Name of the person who did the file revision