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MFM Project

FINAL REPORT KARAKOL STUDY TOUR

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Overview of Study Tour

As part of the Municipal Financial Management Project, RTI hosted a ten member delegation of government officials from Karakol, Kyrgyzstan on a study tour to the U.S. A list of the delegation is attached.

The two week tour demonstrated U.S. municipal financial management practices and the role of local government in regional economic development. The visit was concluded with a two day workshop at RTI's offices in Washington, D.C. to develop a work plan.

The highlight of the tour was the establishment of sister city relationships with two of the cities visited: Northampton, MA and Asheville, NC. News coverage of the study tour was received in Plattsburgh, N.Y., Northampton, MA and Asheville, NC. A copy of an article from the Northampton Gazette is attached.

In each city, the delegation received an overview of the structure of local government. During the course of the tour they witnessed the operations of a strong mayor form of government, a city manager and a town manager form of government, and two mixed systems. Financial practices, including the budget process in each system were emphasized, with particular attention to financial transparency and accountability.

The delegation was also exposed to U.S. economic development activities, specifically tourism, foreign trade and small business development. The private sector as primary property and business owner was emphasized, with particular attention to the unique role of local government in promoting economic growth through infrastructure, budgetary and tax policies.

The U.S. cities visited were selected for their similarity to Karakol in population, geography, and relative isolation from large cities. Other factors were financial management practices, diversity in the form of local government, economic development programs, and overall low costs, which limited the total expenditures for the visit. The tour began in Burlington, VT, which borders a large lake and mountains, as does Karakol. The delegation then traveled across Lake Champlain to Plattsburgh, N.Y. to visit their foreign trade zone. The next city visited was Northampton, MA, where RTI's resident advisor in Karakol was previously mayor. The tour concluded in Asheville, NC, another mountainous, tourism based city. A copy of the tour schedule is attached.

A briefing book was prepared for the delegation, with detailed budget, local government and economic development information translated into Russian. The mayor requested additional copies to share with national government officials upon her return.

The tour concluded with the presentation of certificates of completion of the study tour at the closing dinner. Guests included Almas T. Chukin, Counselor and Head of Mission at the

Kyrgyz Embassy, and Mary Ann Riegleman and Ted Priftis of AID.

Participant Impressions

At the workshop in Washington on December 8 at the conclusion of the tour, each participant presented individual impressions of the study tour.

Mayor Abdurekhmenova commented on the value of examining the U.S. municipal system firsthand, stating that she prefers the strong mayor system. She said that her observations have led her to conclude that the need for specialized training is her top priority.

Dmitri Kostenko, Head of Karakol's Administrative Department was impressed with the small size of U.S. city councils and with the strong mayor system, which he plans to implement upon his return. He noted the fiscal control exercised by municipal managers, a system that frees the mayor for "more important problems."

Turdubek Moldoisaev, Head of Karakol's International Department stated that he learned about the U.S. system of foreign trade zones and business incubators, and the organization of the tourism industry, particularly the importance of festivals.

Having observed several aspects of the U.S. tourism industry, Baktibek Katmanaliev, Chair of the Issuk-Kyol Regional Committee on Sports and Tourism stressed seven principle requirements for the development of Karakol's tourism industry:

- investments
- development of a tourism infrastructure
- advertizement of Kyrgyzstan, which is not known to many people
- starting with what they have, with programs that don't require a lot of money
- developing skills in tourism management
- a communications system, airport and roads
- an increase in the cultural and educational level of Kyrgyz citizens

Yuri Morgachov, General Director of the Karakol Tourist Center added that the first step in development of Karakol's tourism industry - government investment - will be the most difficult.

Askar Asanbaev, Director of the Karakol Business Incubator remarked on the importance of the private sector in the U.S. and of their tax contributions. He was also impressed by the fact that both cities and the federal government work to promote business. Through exposure to business incubators, industrial parks and chambers of commerce he learned that non-profits work to encourage business and that there is a good relationship among businesses. He particularly noted the concept of credit unions, that businesses borrow money to start up, and that a hotel tax is collected and its proceeds used to advance tourism. He listed his priority needs for Karakol:

- industrial parks and incubators
- a business center to provide office support, and printing facilities to advertise

- support of the folk craft industry
- interpreters
- transportation services

He further commented that Karakol already has great tax breaks and benefits, and that this tour made him realize that Karakol goods can be competitive and sold at relatively low prices.

Mr. Kanatbek Asylbaev, Head of Karakol's Registration Department noted the fact that most property is private, both trade property and land, and his realization that Karakol has great infrastructure needs. He cited the need for small business investment in Karakol, and concern that the ecology be protected as the transition progresses.

Ms. Aygul Balapanova, Head of Karakol's Finance Department was most impressed with the concept of a balanced budget. She stated that Karakol's weakest point is the time lost in hand preparation and monitoring of the budget. Not only are computers necessary, but she would like to centralize the accounting function to free up accountants and cashiers, and reduce costs. She also stressed the need for training accounting staff. Having observed property and business taxes, and that tourism brings tax receipts, she wishes to implement these functions in Karakol.

Mr. Sergei Ryspekov, First Vice Mayor of Karakol commented that the different forms of municipal government in the U.S. are the result of an advanced democracy, and that the Kyrgyz must continually fight the attempt to centralize government. He stated that the U.S. population seems well informed about government, noting the broadcast of council meetings on television. He was particularly struck with the apparent patriotism of Americans, something he says has been lost in Kyrgyzstan. He noted that people with different interests join various groups, and that this creates a healthy structure of society. He stressed that Karakol needs to create and stimulate the activity of private groups. He also commented on the need to develop Karakol's downtown and to strengthen the planning function.

The workshop continued with a presentation by Scott Herman-Giddens, RTI's computer systems consultant, about computer installation options. He will travel to Karakol in January to conduct an initial assessment.

The remainder of the workshop was devoted to the development of a work plan, prepared under separate cover.

KARAKOL DELEGATION

Ms. Asylkul Abdurekhmenova, Mayor of Karakol
Mr. Sergei Ryspekov, First Vice Mayor of Karakol
Mr. Baktibek Katmanaliev, Chairman, Issyk-Kyol Regional Committee on Sports and Tourism
Mr. Dmitri Kostenko, Head of the Administrative Department, City of Karakol
Mr. Turdubek Moldoisaev, Head of the International Department, City of Karakol
Mr. Yuri Morgachov, General Director, Karakol Tourist Center
Mr. Askar Asanbaev, Director, Karakol Business Incubator
Ms. Aygul Balapanova, Head of the Finance Department, City of Karakol
Ms. Gulkayir Barakanova, Head of the International Organizations Department, City of Karakol
Mr. Kanatbek Asylbaev, Head of the Registration Department, City of Karakol

KARAKOL STUDY TOUR SCHEDULE

November 26 - December 11, 1994

Saturday, November 26: Arrive Burlington

8:55 am depart Almaty, Lufthansa 3321M (breakfast)
11:15 am arrive Frankfurt
1:10 pm depart Frankfurt, United 3515H (lunch)
4:00 pm arrive Newark
6:10 pm depart Newark, Continental 3686Y
7:47 pm arrive Burlington

accommodations: Radisson Hotel, 802/658-6500

Sunday, November 27: Burlington

11:00 am Brunch and briefing at hotel, Gerard's, mezzanine level
1:00 - 4:00 pm Visit Boulton Valley Ski Resort
5:00 pm Visit Church Street Marketplace

Monday, November 28: Burlington, VT (strong mayor/commission form of government)

8:00 am Meet for breakfast in lobby at Oak Street Cafe

9:00 - 10:30 am City Budget

Brendan Keleher, City Treasurer
city organization, budget and annual financial report

10:45 - 12:15 pm City Planning

Mark Eldridge, Director of Planning and Zoning
citizen participation
capital improvements program (CIP)
construction and design review
land use and zoning, mapping technology (view computer)

12:30 - 1:30 pm lunch

1:45 - 3:15 pm Tourism

Dave Bertrand, Director of Tourism
Melissa Hersh, Chamber of Commerce

3:30 - 5:00 pm Economic Development

Harry Behney, President, Greater Burlington Industrial Corporation
industrial parks
Arthur Sanborn, Director, City Community and Economic Development
Department
city funding of GBIC and convention and visitors bureau
federally funded city economic development programs
business incubators, peer lending groups, other loan programs

Tuesday, November 29: Clinton County Area Development Corporation, Plattsburgh, NY

8:00 am Meet for breakfast in lobby at Oak Street Cafe

10:45 - 4:00 pm **Economic Development**

Gerard Kelly, President; Sue Reil, Vice President,
Clinton County Area Development Corporation, Plattsburgh, N.Y.,
foreign trade zone
industrial parks

Wednesday, November 30: travel to Northampton

8:00 am Meet for breakfast in lobby at Oak Street Cafe

8:45 am depart with luggage in van

10:00 am stop to visit Ben and Jerry's Ice Cream Factory

2:00 pm arrive Squire Village apartments

3:30 pm depart for Northampton

4:00 pm Meeting with Mayor Mary Ford

5:45 pm Dinner at EastSide Grill

Thursday, December 1: Amherst, MA (city manager form of government) and Northampton, MA (strong mayor form of government)

8:45 am depart for Amherst town hall; drive by University of MA at Amherst

9:00 am **Amherst City Organization and Finance**

Amherst Town Manager, Barry DeCastillo and Finance Manager,
Nancy Maglioni

11:00 am **Northampton City Planning**

Director, City Planning Department, Penny Kim

12:30 pm Lunch at the Brewery

2:00 pm **Northampton Public Works**

Director, Public Works Department, Sam Bindis

4:30 pm Tour of city with David Musante

7:15 pm Attend City Council meeting to sign Sister City Agreement

Friday, December 2: Northampton, MA

8:30 am Depart for Northampton
9:00 am **Building Inspection**
Building Inspector, Frank Sinkiewicz
10:00 am **Board of Health**
Board of Health officer, Peter McErlain
11:00 am **Business Incubator** (1/2 group)
Landfill (1/2 group)
12:30 pm Lunch at Alexander's in Florence
1:45 pm **Banking/Government Relations**
Ed Morin, President, Florence Savings Bank
2:30 pm **Recreation Tour**
Director, Department of Recreation, Ray Ellerbrook
4:00 pm **Northampton Industrial Park**
Former head of Redevelopment Authority, Ed Skraski
industrial park tour
5:00 pm evening reception and dinner, Depot Restaurant

Saturday, December 3: travel

9:00 - 9:45 am Coffee, World War II Veterans
11:25 am depart Hartford, American 467Y
1:06 pm arrive Raleigh Durham
2:20 pm depart Raleigh Durham, American 3347Y
3:36 pm arrive Asheville

accommodations: Radisson, One Thomas Wolfe Plaza, 704/252-8211, fax 704/254-1374

Sunday, December 4: Asheville

1:00 - 5:00 pm Tour of ci.y

Monday, December 5: Asheville (city manager form of government)

9:00 - 10:15 am Welcome by Mayor Russ Martin and City Manager Jim Westbrook
City Organization
John Miall, Director of Risk Management
10:30 - 12:00 pm **City Budget**
Bob Worst, Budget Director
12:00 - 1:00 pm lunch, brought in
1:00 - 2:30 pm **City Budget and Financial System**
Larry Fisher, Finance Director
2:45 - 5:00 pm **Downtown Development**
Leslie Anderson, Director, City Development
Presentation and walking tour

Tuesday, December 6: Asheville

9:30 - 12:00 pm **Water Treatment**
Mike Holcombe, Director of Water Resources
12:00 - 1:00 pm lunch at lodge
1:00 - 3:00 pm **Tourism/Chamber of Commerce**
4:00 pm Attend City Council meeting

Wednesday, December 7: travel

11:45 am depart Asheville, American 3292Y
12:56 pm arrive Raleigh Durham
2:00 pm depart Raleigh Durham, American 502Y
3:00 pm arrive Washington National

accommodations: Vista International Hotel, 1400 M St., 202/429-1700

Thursday, December 8: Washington, D.C.

9:45 am Workshop: RTI's offices, 1615 M St., suite 740, 202/728-2095
- 5:00 pm
7:00 pm Dinner at Eric Chetwynd's house

Friday, December 9: Washington, D.C.

9:00 - 1:30 pm Workshop continues at Vista Hotel

Saturday, December 10: Washington, D.C.

7:30 pm Closing dinner, Sfuzzi, Union Station

Sunday, December 11: Washington D.C. and depart

10:00 - 2:00 pm Tour of Washington, D.C.
5:50 pm Depart Washington/Dulles, United 3502M (dinner)