



CITY OF MORENO VALLEY
Financial and Management Services Department
Parks and Community Services Department

MEMORANDUM

To: Michelle Dawson, City Manager
From: Rick Teichert, Chief Financial Officer/City Treasurer 
Betsy Adams, Director of Parks and Community Services 
Date: April 2, 2015
Subject: After School Education and Safety Program

The Financial and Management Services Department and the Parks and Community Services Department recently completed a comprehensive review of the City's After School Education and Safety (ASES) Program.

ASES Program - Start Up

California's After School Education and Safety Program is the result of a 2002 voter-approved initiative, Proposition 49, which amended California Education Code 8482 to expand and rename the former Before and After School Learning and Safe Neighborhood Partnerships Program. The California Department of Education (CDE) administers the ASES Program which funds local after school education and enrichment programs provided through partnerships between schools and local communities for students in kindergarten through ninth grade. There is a statutory requirement that every \$2 in state funding for the program must be matched locally by one-third ($\frac{1}{3}$) in other funding or in-kind resources.

The then Parks and Recreation Department, as the Community Services District (CSD), first applied for ASES grant funds in 2006, in partnership with the Moreno Valley Unified School District (MVUSD) and the Val Verde Unified School District (VVUSD). Staff recalls that MVUSD approached the Department on applying for the grant with the CSD as the lead agency. This occurred after MVUSD had been approached by Young Men's Christian Association (YMCA) about applying for the grant. The Department and the YMCA were both providing after school programs at various MVUSD school sites. The Department then reached out to VVUSD to see if there was interest in the ASES grant. Again, there was interest as long as the CSD was the lead agency. The grant applications, one for each school district, included the signature of the school principal for each school site and the superintendent from each school district (CDE subsequently merged the two grant applications). The proposed match for the grant included the in-kind cost of school facilities, janitorial services, school district staff, volunteers, the At Risk Snack Grant, General Fund Admin (10%), and ASES ISF costs covered by Zone A.

On December 11, 2006, the CSD was awarded ASES grant funding for Fiscal Year (FY) 2006/2007 with the requirement that an abbreviated school year program must be operational by February 6, 2007 (less than two months). This was an aggressive schedule to set up a new program at 38 school sites (23 MVUSD and 15 VVUSD). The City hired, trained and staffed the program at 22 school sites and outsourced 16 school sites to the YMCA. The ASES grant funds were to be spent by June 30, 2007, but the CSD received an extension on this deadline to December 31, 2007.

The information above is a high level summary of the start-up period of the ASES program. The decision makers for the program then were George Guayante (Interim Parks and Recreation Director), Karen Reams (Recreation Services Division Manager), and Christine Peterson (After School Program Supervisor). Below is a summary of significant actions during this time period.

Date	Description
09-25-2006	Request for Applications available on CDE website for ASES grant funds
11-06-2006	ASES grant application due date; CSD submitted grant in partnership with MVUSD and VVUSD (CSD Board did not approve grant application before it was submitted)
12-11-2006	CDE posted funding notification on its website
12-19-2006	CSD Board accepted ASES grant funds of \$5,500,000 for fiscal year (FY) 2006/2007; 3-year renewable grant awarded in 1-year increments
02-06-2007	ASES program started at school sites (operational in less than 2 months)
02-09-2007	Program Manager for A Child's Place grant program promoted to After School Program Supervisor for ASES grant program
02-13-2007	CSD Board authorized agreement with YMCA for \$1,755,000 to provide ASES Program at 16 school sites through June 30, 2007

ASES Program - First Full Year

FY 2007/2008 was the first full year of operation for the ASES program, now funded for 41 school sites. The decision makers for the program were Mike McCarty (Parks and Community Services Director), Karen Reams (Recreation Services Division Manager), and Christine Peterson (After School Program Supervisor).

During this time period two significant changes were made to the ASES program. The first was to bring the program fully in-house (staffed by CSD employees) and no longer outsource a portion to the YMCA. The second was to make several large purchases of curriculum and supplies in order to meet the December 31, 2007 deadline to use funds allocated to the City's ASES program. Funding for the program starting February 2007 was

not received until May 2007 and was initially to be used by June 2007. An extension through December 2007 was granted. These items were purchased for use by the program over the next three (3) years. A summary of the actions follows.

Date	Description
06-26-2007	CSD Board appropriated ASES funds for additional positions (in lieu of using YMCA for FY 2007/2008)
07-27-2007	CSD received extension to December 31, 2007 to use balance of grant award for ASES Program
12-11-2007	CSD Board approved agreements with Voyager Expanded Learning (\$977,981 for educational and literary element), ETA Cuisenaire (\$498,523 for educational and literary element), MS Mobile Storage Group (NTE \$150,000 for school site storage units), CM School Supply (NTE \$325,000) and Office Depot (\$225,000)

ASES Program - Next Three Years

Over the next three fiscal years (2008/2009, 2009/2010 and 2010/2011), the ASES program continued to be staffed by the CSD. Karen Reams, Recreation Services Division Manager, left employment with the City on November 26, 2008 and her position was not filled. The ASES Program decision makers during this time period were Mike McCarty (Parks and Community Services Director) and Christine Peterson (After School Program Supervisor).

On October 1, 2008, the Financial and Administrative Services Department issued a report on an internal audit of the ASES Program. This internal audit was requested by the City Manager's Office in response to internal concerns received on the Program. The report included several findings and recommendations for the Parks and Community Services Department to implement to improve internal controls. The Parks and Community Services Department hired the accounting firm Eadie & Payne LLP to assist with implementing the recommendations.

The CDE reduced the CSD's FY 2009/2010 grant award to \$4,093,200 due to low attendance levels at some school sites. The ASES program was still provided at 41 school sites, with funding to serve 3,048 students. The FY 2010/11 grant award was increased by an additional \$236,250 to \$4,329,450 due to the addition of three elementary schools and the closure of one school site (Red Maple Elementary) for a total of 43 after school program sites.

A summary of significant actions during this time period follows.

Date	Description
10-01-2008	Financial & Administrative Services Department issued internal audit report on ASES grant program; recommended improved internal controls
11-26-2008	Recreation Services Division Manager leaves employment with City; position is not filled
11-10-2009	CSD Board approved renewal of ASES grant for fiscal years 2010/2011, 2011/2012, and 2012/2013
08-17-2010	CSD Board received update on ASES program; staff report identified CSD and City costs to support grant in excess of 15% administrative allowance (\$455,723 was being absorbed by General Fund and \$234,604 by Zone A)
04-26-2011	CSD Board approved outsourcing ASES program to THINK Together, Inc. for FY 2011/2012
06-30-2011	CSD's ASES Program staff, including After School Program Supervisor, laid off (most hired by THINK Together, as negotiated by the City)

ASES Program - THINK Together

The most significant action during the previous time period was the decision to outsource the ASES program to THINK Together for FY 2011/2012. Not only did this allow the CSD to avoid subsidizing \$690,327 in administrative and internal service fund charges which would have allocated to the ASES Program that fiscal year, it allowed the City to partner with one of the largest providers of extended learning time programs in California which has significantly enhanced the quality of the City's ASES Program.

One of the first things discovered by THINK Together and the CSD's Management Analyst responsible for administering the agreement with THINK Together was that much of the curriculum and supplies authorized for purchase on December 11, 2007 had not been used during the subsequent three years or thereafter. This information was not included in the former Parks and Community Services Director's October 18, 2011 memorandum to the City Council providing an update on the THINK Together contract or in his January 9, 2014 memorandum to the City Manager providing an overview of the CSD's ASES Program. He left employment with the City on January 16, 2014.

ASES Program Inventory - Current Status

In January 2014, as a result of following up on Council member Gutierrez' request to supplement the ASES Program with a music and arts program using instruments that he had heard were in storage, the City Manager's Office asked the Financial and Management Services Department for a thorough accounting of the supplies purchased by the Program.

In February 2014, the Financial and Management Services Department hired the accounting firm of Vavrinek Trine Day, LLP (VTD) to perform a comprehensive physical inventory of the ASES program's supplies and equipment stored at THINK Together's warehouse, two CSD storage areas at March Field Park, and storage areas at 25 school sites. The Parks and Community Services Department and THINK Together fully cooperated with the inventory and assisted with the counting under the supervision of VTD. The counting was completed in June and the final inventory report, over 350 pages, was issued in July.

The Parks and Community Services Department then worked with THINK Together to identify the inventory which could still be used by the ASES program. Aside from the curriculum, much of the inventory was identified as still being useable.

It is important to note that since the outsourcing of the ASES program in FY 2011/2012, THINK Together has been actively using the old ASES inventory for the City's ASES program. From July 2011 through the start of the physical inventory in February 2014, THINK Together used up inventory in eleven 40-foot storage containers at March Field Park and in three 20-foot storage containers at school sites. THINK Together continues to use the old inventory and is committed to using as much of it as possible for the City's ASES program.

Inventory which is not useable by THINK Together falls into two categories – surplus or obsolete and beyond its useful life. Since the majority of this inventory appears to be surplus, the focus has been on its disposal. The City's Fiscal Policy #3.9, Surplus Supplies, Materials and Equipment, requires a department to identify surplus and for the allocation or disposition of surplus to be handled by Purchasing, which is part of the City's Purchasing and Facilities Division. The policy specifies the first priority for surplus disposition is to see if it can be used elsewhere in the City.

There are several surplus items from the ASES Program which the Purchasing and Facilities Division authorized to be sold to other divisions in the City. These sales are summarized below:

1. Fifteen (15) Dell Latitude D830 laptop computers sold to the Technology Services Division for \$17,055.
2. Cannon EOS 1DS Mark III Digital Camera & 24-105mm Lens sold to Media and Communications Division for \$2,200.
3. Four (4) inflatables (sometime referred to as jumpers or bouncers) sold to Recreation Division for \$3,250.

Proceeds from the sale of ASES Program surplus items are placed in a designated account and used for ASES Program activities such as reading programs and field trips.

The Parks and Community Services Department has been working closely with the Purchasing and Facilities Division on the surplus ASES inventory. In August 2014, the on-line auction firm InterSchola Services was selected for the disposal of the surplus ASES inventory because of the firm's expertise in the sale of surplus educational items.

In late September 2014, after executing the agreement, InterSchola Services notified the Purchasing and Facilities Division that it was going to cease operations while the company reorganized. This was a significant setback in the City's efforts to dispose of the surplus ASES inventory.

The Purchasing and Facilities Division then began looking for another on-line auction firm, preferably with expertise in education surplus disposal. In December 2014, the Purchasing and Facilities Division identified GovDeals as the new auction firm. In January 2015, the Purchasing and Facilities Division registered the City with GovDeals and the Parks and Community Services Department has been identifying items for the first auction of surplus ASES inventory.

In performing this review of the ASES program, there are four observations we would like to use to conclude this report.

1. The two months allowed by the California Department of Education (CDE) to set up the ASES Program, grant funding notification on December 11, 2006 and program operational by February 6, 2007, was not adequate to allow for smooth implementation.
2. The CDE's requirement to spend first year grant proceeds by December 31, 2007 caused the former staff responsible for the ASES Program to make large purchases of supplies and curriculum to be used over the next three (3) fiscal years (2008/2009, 2009/2010 and 2010/2011). It was not a grant requirement to purchase materials so far in advance of when they were to be used. Many of these items were not used by June 2011. All the ASES Program decision makers in the Parks and Community Services Department who recommended these purchases, and then did not ensure the items were used over the next three years, no longer work for the City (former department director, Mike McCarty, separated on January 16, 2014; former division manager, Karen Reams, separated on November 26, 2008; and former program supervisor, Christine Peterson, separated on June 30, 2011).
3. The outsourcing of the ASES Program to THINK Together has provided three significant benefits to the City. The first is that outsourcing allowed the CSD to avoid subsidizing \$690,327 in administrative and internal service fund charges which would have been allocated to the ASES Program in FY 2011/2012. The second is that the quality of the City's ASES program has been enhanced. The

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third is that THINK Together continues to use, in the City's ASES Program, the useable supplies purchased in December 2007.

4. The Purchasing and Facilities Division and Parks and Community Services Department are actively working with GovDeals to sell items no longer needed by ASES Program which cannot be used elsewhere in the City. The Financial and Management Services Department will continue to monitor and account for the disposal of ASES Program surplus items.

The City Manager's Office, Financial and Management Services Department, and Parks and Community Services Department prepared a response to a recent resident request for information on items purchased for the ASES Program, which has been included as an attachment. If you have any questions concerning the information in this report or the attachment, please let us know.

c: Tom DeSantis, Assistant City Manager
Chris Paxton, Administrative Services Director

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The Financial and Management Services Department and the Parks and Community Services Department received a multi question request from Ms. Stewart-Cleaveland concerning the Parks and Community Services Department and its after school programs. The information concerning all but the final question below is provided by Chief Financial Officer/City Treasurer Rick Teichert and Parks and Community Services Director Betsy Adams.

"I am also hearing about 50 jumpers missing/damaged for Parks and Rec."

The Parks and Community Services (PCS) Department's Community Services (Recreation) Division owns two (2) inflatables (sometimes referred to as jumpers or bouncers), which are in good working condition and used at events sponsored by the Department. The PCS Department's After School Education and Safety (ASES) Program owned four (4) inflatables which were used by the ASES Program until it was outsourced to THINK Together in FY 2011/2012. THINK Together does not use inflatables in the after school programs it operates.

These inflatables then became surplus inventory for the ASES Program. City of Moreno Valley Fiscal Policy #3.9, Surplus Supplies, Materials and Equipment, delegates to Purchasing the responsibility for allocating surplus property. The first priority for surplus disposition is to see if it can be used elsewhere in the City. With the four inflatables owned by the ASES Program, they were sold to the Recreation Division for \$3,250. They are in good used condition, which can be seen in the photographs below:



"And laptops,"

The PCS Department does not own any laptop computers. The PCS Department's ASES Program purchased 20 laptops in 2007. Fifteen (15) of these laptops were later determined to be surplus and sold to the City's Technology Service Division for \$17,055. Four (4) of the remaining laptops

are being used by THINK Together for the City's ASES program. One (1) laptop was unaccounted as of June 2011, with the former Parks and Community Services Director stating it was last with the former After School Program Supervisor and the former After School Program Supervisor stating it was last with the former Parks and Community Services Director.

"plus X Boxes..."

Various ASES Program school sites purchased and used the gaming systems in 2007, 2008 and 2011, when the City operated the ASES Program. They were not tracked as inventory since the individual purchase price fell below the \$500 threshold. Given their vintage, much of these game consoles became functionally obsolete up to five years ago. THINK Together does not use gaming systems in the after school programs it operates. During a physical inventory conducted by the Financial and Management Services Department in 2014, four (4) GameCubes, two (2) PlayStations, and one (1) Guitar Hero were counted. They are surplus property which cannot be used elsewhere in the City and will be sold by Purchasing at a future surplus auction conducted by GovDeals.

"How does this happen? Who was and is accountable? I want to see the AUDITS. I have requested them and yet, no response. WHY..this is public funds.. isn't it?"

The inflatables, laptops and gaming systems are accounted for in the three sections above. In terms of who oversaw the purchase and use of these items, it was the previous Parks and Community Services Director (who departed in 2014), the former Recreation Services Division Manager (who departed in 2008), and the former After School Program Supervisor (who departed in 2011).

With regard to audits, financial audits are done annually for all City departments and programs, including the ASES Program. The financial audits are conducted under the direction of the Financial and Management Services Department and have previously been provided to the City Clerk's Office in response to public records requests from Ms. Stewart-Cleveland.

"Most of all.. Who purchase jumpers for After School Programs and do not give them to the youth? Why would you rather store them to get damaged?"

As detailed in the first section above, the inflatables were used by the ASES Program when it was operated by the City. They were purchased by the Recreation Division so that they can be enjoyed by the community's youth at community events sponsored by the Parks and Community Services Department. As also mentioned in the first section above, the former ASES Program's inflatables are in good used condition.

"Just like the Million Dollar Book Program, that was stored for years.."

In November 2007 and February 2008, the ASES Program purchased books from Scholastic, Inc. totaling \$102,233. These books were used when the City operated the ASES Program and continue to be used now that THINK Together operates the program for the City. This was the primary book purchase for the ASES Program.

The City also purchased classroom curriculum for the ASES Program. In December 2007, curriculum was purchased from Voyager Expanded Learning for \$977,981. The curriculum was used during the first year the City operated the program. During the second year the City operated the ASES Program, the previous Parks and Community Services Director and the former After School Program Supervisor determined the curriculum was not working as intended for the program and tried, unsuccessfully, to sell it back to Voyager Expanded Learning, other schools, and other after school programs. The unused curriculum was ultimately stored in containers at March Field Park.

When the City outsourced the ASES Program to THINK Together in July 2011, the unused curriculum was evaluated again. It was determined that the curriculum could not be used without considerable adaptation and it was ultimately not used. During the physical inventory count in 2014, the curriculum was inspected. It is in good physical condition. THINK Together advised the City at that time that more adaptation would be needed to meet Common Core public education standards. The current Park and Community Services Director determined that the City should attempt to sell the curriculum again. Purchasing is currently working with GovDeals to sell the curriculum either as a lot or in classroom size sets.

"I would like to know "IF" the city will be doing an Investigation on Park and Rec from the beginning of Park and Rec? I have not received your answer."

As indicated above, the City's Financial and Management Services Department conducts annual financial audits of all City departments and programs. The City Manager's Office does not plan to

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initiate a 25-year historical review of the Parks and Community Services Department which has operated as a separate department (no longer a subset of the Public Works Department) since FY 1990/1991.

Ms. Stewart-Cleaveland's questions relate to the ASES Program, and specifically to purchases made during the early years of that program. All the decision makers in the Parks and Community Services Department for the ASES Program at that time no longer work for the City (former department director, Mike McCarty separated on January 16, 2014; former division manager, Karen Reams, separated on November 26, 2008; and former program supervisor, Christine Peterson, separated on June 30, 2011).

The City Manager's Office is pleased with how THINK Together is operating the ASES Program for the City. In addition, we are confident that, under the oversight of Chief Financial Officer/City Treasurer Rick Teichert and Parks and Community Services Director Betsy Adams, the surplus ASES Program property will be properly accounted for and disposed of, and that no such surplus will be created in the future.