

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 3.50
(ID # 28258)

MEETING DATE:
Tuesday, July 01, 2025

FROM : EXECUTIVE OFFICE

SUBJECT: EXECUTIVE OFFICE: Approval of the Response to the 2024-2025 Grand Jury Report: March Joint Powers Authority: Mission Accomplished, Time to Completely Dissolve and Directive for the Response to be Sent to the Grand Jury, Presiding Judge, and County Clerk-Recorder.; All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve, with or without modification, the attached response to the 2024-25 Grand Jury Report: March Joint Powers Authority: Mission Accomplished, Time to Completely Dissolve; and
2. Direct the Clerk of the Board to immediately forward the Board's finalized responses to the Grand Jury, the Presiding Judge, and the County Clerk-Recorder.

ACTION:Policy

Juan C. Perez, Chief Operating Officer

6/26/2025

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Gutierrez, seconded by Supervisor Medina and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: July 1, 2025
xc: EO, Grand Jury, Presiding Judge, Recorder

Kimberly A. Rector
Clerk of the Board
By:
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	N/A	N/A	N/A	N/A
NET COUNTY COST	N/A	N/A	N/A	N/A
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 24/25	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On April 10, 2024 the Riverside County Grand Jury released the Grand Jury Report: March Joint Powers Authority: Mission Accomplished, Time to Completely Dissolve April 10, 2025. Penal Code Section 933(c) requires Board of Supervisors comment on the Grand Jury's recommendations pertaining to matters under the Board's control. In addition, responses must be provided to the Presiding Judge of the Superior Court within 90 days of receipt of the report.

ATTACHMENTS:

ATTACHMENT A. 2024-2025 Grand Jury Report: March Joint Powers Authority: Mission Accomplished, Time to Completely Dissolve

ATTACHMENT B. Grand Jury Response: March Joint Powers: Mission Accomplished, Time to Completely Dissolve


Tina Grande 6/26/2025


Aaron Gettis, Chief of Deputy County Counsel 6/26/2025

2024-2025 Grand Jury Report
Grand Jury Report: March Joint Powers Authority: Mission
Accomplished, Time to Completely Dissolve
March 17, 2025
Riverside County Board of Supervisors

GRAND JURY FINDINGS:

Grand Jury Finding #10:

F-10 The County of Riverside has departments and personnel with specialized expertise and resources that the March JPA lacks, enabling it to meet the commercial and general aviation needs at the March Air Reserve Base more efficiently than the small March JPA staff.

Response to Grand Jury Finding #10:

Respondent agrees with finding.

Riverside County Aviation (Aviation) has broad expertise, resources, and established processes to manage airport operations. With more than 250,000 annual aircraft operations, 400 based aircraft, and over 330 active leases across five (5) general aviation public-use airports situated on approximately 7,000 acres, the County oversees a robust and complex aviation system with a dedicated staff of thirteen employees. This team brings extensive airport management experience and subject-matter expertise in operations, planning, maintenance, real estate, and regulatory compliance.

Aviation has a proven track record of securing and managing state and federal aviation grants. Since 2020, we have accepted \$9.4 million in FAA and Caltrans grants supporting \$10 million in completed airport improvements. We are anticipating an additional \$13.6 million in grants toward improvements planned for the coming year.

The County team has not had direct experience in working with the U.S. Air Force at the March ARB, nor long-standing relationships with Air Force personnel, relating to airport operations. None of the County airports are Joint Use Airports military airports. The County Airport Director does have more than thirty years of diverse experience in aviation, including prior work experience as a consultant supporting the U.S. military under the Air Force Center for Environmental Excellence.

Grand Jury Finding #11:

F-11 March JPA can legally transfer its utility authority to the California Gas Company and its Successor Agency to the County of Riverside.

Response to Grand Jury Finding #11:

Respondent partially disagrees with finding.

The County agrees that the administrative oversight functions of the successor agency can be transferred to the county. The County possesses a comprehensive understanding of successor agency processes and operations, as the County Executive Office fulfills that role for the County successor agency to the former County redevelopment agency.

California Health and Safety Code §34173 allows any of the entities in a Joint Powers Authority that created the redevelopment agency to be a successor agency. As the successor agency is a legally distinct entity, with separate assets and liabilities from the sponsoring entity, it would remain as its own separate entity. Therefore, administrative oversight could be provided by the County, if there was interest from the March JPA member jurisdictions.

The County disagrees with the finding language regarding the utility authority transfer to the California Gas Company. The County is not a member entity of the March Joint Powers Utility Authority, and as such does not have involvement in the operations of the Utility Authority.

GRAND JURY RECOMMENDATIONS:

Grand Jury Recommendation #4:

R-4 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission transfer its March Inland Port Airport Authority to the County of Riverside no later than July 1, 2028.

Based on Findings: F-2, F-3, F-4, F-5, F-6, F-7, F-8, F-9, and F-10

Financial Impact: Minimal to the March JPA; Moderate to Riverside County

Response to Grand Jury #4:

Recommendation will not be implemented by the County because it is not warranted or reasonable without action taken by the March Joint Powers Authority Commission.

The action the Grand Jury is recommending would require an amendment to the Joint Powers Agreement. The 14th Amendment (most current amendment) to the Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside entered into on April 18, 2023 expressly sets forth that the March JPA, amongst other duties, will continue to exercise “(b) the operation and management of the March Inland Port Airport Authority and its civilian airport” (pg. 4). The 14th Amendment further states that the agreement can only be amended “(c) Provided there is mutual

consent by the governing bodies of each of the Parties to this Agreement...”(pg. 5). As such, any change to the agreement would require the individual consent of each of the four member entities.

The City member agencies of the JPA have expressed an interest in maintaining an oversight role in the March Airport operations, given its regional importance and potential impacts to the adjacent member cities, through participation in the March Inland Port Airport Authority. This was recognized and reflected by the inclusion of the MIPAA oversight role under the March JPA in the 14th amendment.

Short of a change to the structure of the JPA, which would require a subsequent amendment agreeable to all parties, the County Aviation group could provide contract services if there was interest from the JPA in contracting with the County. The details of what a contract support arrangement could look like would need to be explored further if the March JPA was interested in doing so.

Grand Jury Recommendation #6:

R-6 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority transfer its Successor Agency to the County of Riverside no later than July 1, 2028.

Based on Findings: F-11

Financial Impact: Minimal to the March JPA; Minimal to Riverside County

Response to Grand Jury #6:

Recommendation will not be implemented by the County because it is not warranted or reasonable without action taken by the March Joint Powers Authority Commission.

The action the Grand Jury is recommending would require an amendment to the Joint Powers Agreement. The 14th Amendment (most current amendment) to the Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside entered into on April 18, 2023 expressly sets forth that the March JPA, amongst other duties, will continue to exercise “(b) the operation of the Successor Agency of the Former March Joint Powers Redevelopment Agency” (pg. 4). The 14th Amendment further states that the agreement can only be amended “(c) Provided there is mutual consent by the governing bodies of each of the Parties to this Agreement...”(pg. 6). As such, any change to the agreement would require the individual consent of each of the four member entities.

The City member agencies of the JPA have expressed an interest in maintaining an oversight role over the Successor Agency. This was recognized and reflected by the inclusion of the Successor Agency oversight role under the March JPA in the 14th amendment.

Short of a change to the structure of the JPA, which would require a subsequent amendment agreeable to all parties, the County could provide contract services if there was interest from the JPA in contracting for Successor Agency administrative services. The details of what a contract support arrangement could look like would need to be explored further if the March JPA was interested in doing so.

Grand Jury Recommendation #8:

R-8 If the March Joint Powers Authority does not agree to dissolve itself by December 31, 2028, the Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission modify its joint powers agreement to convert its appointed commissioner positions into elected positions no later than October 1, 2027. (Candidates should appear on the 2028 California primary election ballot.)
Based on Findings: F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, and F-9
Financial Impact: Minimal to the March JPA; Moderate to Cities and Riverside County

Response to Grand Jury #8:

Recommendation will not be implemented by the County because it is not warranted or reasonable without action taken by the March Joint Powers Authority Commission.

The JPA consists of its member agencies and any decision to amend its powers would have to be made by all the member agencies. The 14th Amendment does not contemplate dissolution explicitly, however, Section 4. Termination and Amendments section (pg. 5) of the agreement does address withdrawal for any reason by a member agency. This section also states that the JPA can continue with two or more of its member agencies.

The March JPA and other Joint Powers Authorities are comprised of elected representatives from the legislative bodies of their member agencies (for the County, the Board of Supervisors).



RIVERSIDE COUNTY GRAND JURY

(951) 955-8990 OFFICE • (951) 955-8989 FAX

April 10, 2025

Riverside County Board of Supervisors
4080 Lemon Street, 1st Floor
Riverside, CA 92501

Subject: 2024-2025 Grand Jury Report: March Joint Powers Authority:
Mission Accomplished, Time to Completely Dissolve

Dear Board of Supervisors:

Please note that Penal Code Section 933 et seq. specifies that you file a response with the following agencies within ninety days.

Jacqueline Jackson, Presiding Judge
Superior Court of California, County of Riverside
4050 Main Street
Riverside, CA 92501

Riverside County Grand Jury
Post Office Box 829
Riverside, CA 92502

Riverside County Clerk-Recorder
2720 Gateway Drive
Riverside, CA 92507

Further, it specifies that this report be kept **confidential for a minimum of two working days** prior to public release. The contents of this report will be made public after the close of business **April 15, 2025**

Sincerely,

Tom Cordova, Foreperson
2024-2025 Riverside County Civil Grand Jury

P.O. Box 829 – Riverside, California 92502



March Joint Powers Authority: Mission Accomplished, Time to Completely Dissolve

March 17, 2025

SUMMARY

In 1993, the March Joint Powers Authority (March JPA) was established by the cities of Moreno Valley, Perris, Riverside, and the County of Riverside. Its purpose was to revitalize the local economy from a national recession and the loss of thousands of jobs when the March Air Force Base transitioned to March Air Reserve Base.

The March JPA has had a significant economic impact on Riverside County, contributing billions of dollars and creating over 10,000 new jobs.¹ With its mission accomplished, the March JPA Commission unanimously voted to disband the organization in June 2016.² However, dissolving the March JPA involves complex legal and financial issues requiring years to resolve. Many of these issues will be settled by July 1, 2025, when Riverside County assumes the land development authority previously held by the March JPA.

The Riverside County Civil Grand Jury (Grand Jury) investigated the March JPA to assess the impact of transferring its primary source of income, land development authority, to the County of Riverside, while shifting its focus primarily to the airport authority.

The Grand Jury's investigation led to 13 findings. The March JPA Commission has failed to appoint a professionally qualified treasurer as required by California Government Code §6505.6, and its own joint powers authority agreement. Additionally, it failed to perform monthly bank reconciliations for the 2022-2023 fiscal year until the end of the 2022-2023 fiscal year. It failed to complete annual financial audits within six months as required by its joint powers authority agreement. Persistent internal control issues, especially regarding the segregation of duties, were reported for four successive years, increasing the risk of errors and fraud.

The March JPA is transitioning into a permanent, independent, and stand-alone airport authority. This new entity will be governed by non-elected officials who rely on a single administrative staff member and will operate at a monetary loss, and there is no succession plan to replace upper management personnel should they need to be replaced.

¹ March Joint Powers Authority, "March Joint Powers Authority Overview," April 2024, p. 1. URL is located at <https://marchipa.com/wp-content/uploads/2024/04/2-March-JPA-Overview-2024-1.pdf>. Accessed January 27, 2025.

² Press Enterprise, "Local News, RIVERSIDE: No date set for JPA to disband," by Kurt Snibbe, June 8, 2016. URL is located at <https://www.pressenterprise.com/2016/06/08/riverside-no-date-set-for-jpa-to-disband/>. Accessed January 27, 2025.

The County of Riverside has departments and personnel with specialized expertise and resources that the March JPA lacks, enabling it to meet March JPA responsibilities more effectively.

The Grand Jury's investigation resulted in 10 recommendations. The March JPA Commission should designate a qualified treasurer, comply with Generally Accepted Accounting Principles standards, complete annual financial audits within six months as required by its own joint powers authority agreement, transfer the March Inland Port Airport Authority and Successor Agency to Riverside County, dissolve the Utility Authority, and dissolve the March JPA itself by December 31, 2028. If not dissolved, then the March JPA should convert its appointed commissioner positions to elected ones. Additionally, a forensic audit of financial records from 2021 to 2023 should be made, and a succession plan for key staff positions should be developed and implemented.

BACKGROUND

At the end of the Cold War, the United States reassessed its military priorities and facilities, leading to a reduction in defense spending. This decrease in defense spending resulted in military base closures and realignments across the country.

In 1993, the Defense Base Realignment and Closure Commission recommended converting March Air Force Base to March Air Reserve Base. President Clinton approved this recommendation and submitted it to Congress on July 2, 1993. Under the Defense Base Realignment and Closure Act of 1990,³ March Air Force Base was officially converted to March Air Reserve Base on April 1, 1996.

The transition led to the loss of over 10,000 jobs, a decline in local businesses, and a surplus of 4,400 acres of land adjacent to Moreno Valley, Perris, and Riverside. To mitigate the negative impact on the surrounding communities, the cities of Moreno Valley, Perris, Riverside, and Riverside County established the March JPA in September 1993.⁴



Source: March JPA Website

³ Omnibus Budget Reconciliation Act of 1993, H.R.2264 — 103rd Congress (1993-1994). URL is located at <https://www.congress.gov/bills/103rd-congress/house-bill/2264>. Accessed January 6, 2025.

⁴ California Government Codes govern joint powers authorities §§6500 - 6599.3.

The March JPA is governed by the March JPA Commission, which consists of eight members: two appointed from each of the city councils of Moreno Valley, Perris, and Riverside, and two from the County of Riverside Board of Supervisors.⁵

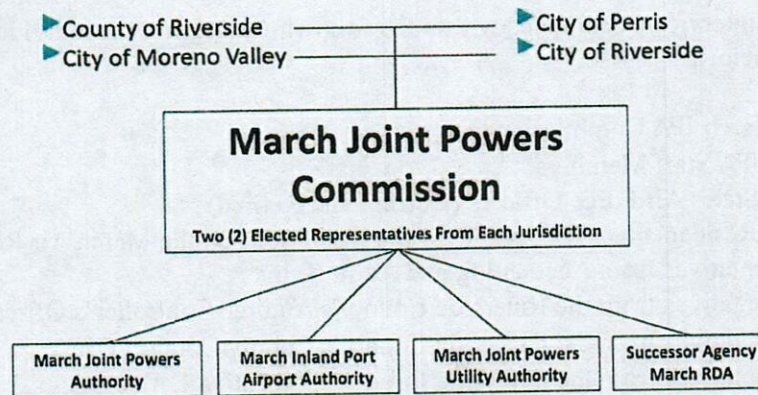
Like a city, the March JPA functions as an independent government entity with the legal rights to sign contracts and hold property. It is responsible for its own debts, liabilities, and obligations.⁶ The primary goals of the March JPA were to stimulate economic recovery and create an environment conducive to job generation.

As part of the transition process, the Department of Defense required the March JPA to develop and implement a master development plan. In 1996, the March JPA adopted the "March AFB Final Reuse Plan,"⁷ which outlined the development of 4,400 surplus acres and included an offer to establish a joint-use airport. On May 7, 1997, the March JPA and the United States Air Force agreed to a joint use airport agreement.

Joint-Use Airport

A joint-use airport is an airport, owned by the Department of Defense, and serves both military and civilian aircraft.

By 2002, the March JPA had created four separate authorities: (1) land development authority, (2) airport authority for general aviation and commercial flights, (3) a redevelopment agency later called Successor Agency, and (4) a utilities authority.



Source: March JPA Website

For three decades, the March JPA played a pivotal role in revitalizing the local economy by stimulating billions of dollars into local communities and creating over 10,000 jobs. In June 2016, the March JPA declared that it accomplished its mission. Afterward, the March JPA

⁵ Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base. September 7, 1993. URL is located at <https://marchipa.com/wp-content/uploads/2024/06/JPA-Original-09-07-1993.pdf>. Accessed January 6, 2025.

⁶ California Government Codes, Title 1, Division 7, Chapter 5 – Joint Exercise of Powers, §§6500 - 6539.9. URL is located at https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=6533.&article=1.&highlight=true&keyword=Joint+Powers. Accessed January 6, 2025.

⁷ March AFB Final Reuse Plan, Land Use Plan, 1996. URL is located at https://www.marchipa.com/documents/docs_forms/final_reuse_plan.pdf. Accessed January 6, 2025.

Commission unanimously voted to dissolve the organization.⁸ However, dissolving the March JPA involved complex legal and financial issues requiring years to resolve.

On April 18, 2023, the March JPA Commission approved a plan to significantly restructure the March JPA by transferring its land development authority to the County of Riverside and focus primarily on its airport authority.⁹

The Grand Jury investigated the March JPA to assess the impact of transferring its land development authority, which is its primary source of income, to the County of Riverside, and the March JPA's shift in emphasis toward its airport authority.

METHODOLOGY

The 2024-2025 Grand Jury conducted an extensive series of interviews, attended meetings (virtually and in-person), reviewed documents, viewed websites, reviewed audio and video recordings, and communicated with relevant individuals and organizations through emails. The list of primary sources of information used in this investigation appears below. Other sources of information appear as references throughout the report.

Interviews

There were 30 interviews conducted within the following categories of individuals and organizations below.

- 2024 March JPA Commissioners
- March JPA Staff Members
- United States Air Force Officers (Current and Retired)
- Private Residents Knowledgeable of the Operations on the March Air Reserve Base
- Representatives from Accounting and Audit Firms
- Representatives from the Riverside County's Auditor-Controller's Office
- Representatives from the Riverside County's County Counsel Office
- Representatives from the Riverside County's Executive Office
- Representatives from the Riverside County's Planning Department
- Representatives from the Riverside County's Transportation and Land Management Agency

Visited or Remotely Viewed

- March Inland Port Airport Authority (Visited)
- March Joint Powers Authority Commission Meetings (Remotely Viewed)

⁸ Press Enterprise, "Local News, Riverside: No date set for JPA to disband," by [Kurt Snibbe](#), June 8, 2016. URL is located at <https://www.pressenterprise.com/2016/06/08/riverside-no-date-set-for-jpa-to-disband/>. Accessed January 27, 2025.

⁹ Fourteenth Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base," April 18, 2023. URL is located at <https://marchjpa.com/wp-content/uploads/2024/06/JPA-14th-Amendment-fx-04-18-2023.pdf>. Accessed January 6, 2025.

Websites

- March Joint Powers Authority
- March Inland Port Airport Authority
- March Air Reserve Base
- State of California, Office of the Attorney General
- Federal Aviation Administration
- FAA Joint Civilian/Military (Joint-Use) Airports
- Riverside County Board of Supervisors
- California Legislative Information
- State of California, Department of Justice

Email Correspondence

- March Joint Powers Authority Commissioners
- March Joint Powers Authority Staff Members
- United States Department of Defense
- Riverside County Counsel's Office

Documents and Recordings Reviewed

Over 240 documents, audio recordings, and video recordings were reviewed. Among those documents were the following.

- March JPA Commission Agendas and Minutes, January 2022 - February 2025
- Original Joint Powers Authority Agreement and 14 Amendments
- Joint Use Authority Agreements and Three Amendments
- March Inland Port Airport Authority Draft Master Plan, 2024
- March JPA Annual Financial Documents, 2016 - 2023
- Auditors' Letters to the March JPA Commission and Management, 2016 - 2023
- Tax Revenue Sharing Agreement, 2023

RESULTS

March JPA Financial Records

The March JPA was established in 1993 in accordance with California Government Codes §§6500 - 6599.3. Since then, there have been 14 amendments to the original agreement to refine the operational structure of the March JPA. The most recent amendment, the 14th, was approved on April 18, 2023. Each agreement identifies the officers of the March JPA and outlines their responsibilities.

March JPA: Treasurer

According to California Government Code §6505.5, a joint powers authority must designate a treasurer from one of the following: (1) one of the contracting parties, (2) the county treasurer, or (3) a certified public accountant.¹⁰ In the original 1993 March JPA agreement, the Treasurer of the City of Perris was designated as the March JPA treasurer.¹¹

The law clearly intends for the treasurer to be a professionally qualified individual. Typically, a treasurer should possess, at least, both qualifications below.¹²

- A bachelor's degree from an accredited college or university with major course work in accounting, business, public administration, finance, economics, or a closely related field.
- At least seven years of professional experience in governmental accounting, budget management, debt administration, or finance, including at least five years in a supervisory capacity.

Based on California Government Code §6505.6, the March JPA Commission, and the four jurisdictions comprising the March JPA, amended its agreement in 1995 so that the March JPA treasurer "shall be a designated member of the Commission or staff."¹³ The treasurer's responsibilities and qualifications remained the same.¹⁴

After reviewing the agendas, meeting minutes, and conducting interviews, the Grand Jury discovered two key issues: (1) the March JPA Commission has not officially appointed a March JPA commissioner or staff member as treasurer, and (2) the staff members currently performing the treasurer's duties do not meet the required professional qualifications.

Consequently, the March JPA Commission violated the California Government Code §6505.6 and its own joint powers authority agreement by not designating a professionally qualified

¹⁰ California Legislative Information, California Government Code §6505.5, Effective January 1, 2000. URL is located at https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=6505.5&lawCode=GOV. Accessed February 20, 2025.

¹¹ Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base, September 7, 1993, pp. 8. URL is located at <https://marchjpa.com/wp-content/uploads/2024/06/JPA-Original-09-07-1993.pdf>. Accessed January 6, 2025.

¹² City of Riverside, California, Deputy Finance Director, Minimum Qualifications, Recruitment Guidelines, 2025. URL is located at <https://www.governmentjobs.com/careers/cityofriversideca/classspecs/829014?keywords=Finance%20director&pagetype=classSpecifications>. Accessed February 20, 2025.

¹³ Amended between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base [Fifth], September 25, 1995, p. 8. URL is located at <https://marchjpa.com/wp-content/uploads/2024/06/JPA-5th-Amendment-09-25-1995.pdf>. Accessed February 13, 2025.

¹⁴ California Legislative Information, California Government Code §6505.5 (a-d), Effective January 1, 2000. URL is located at https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=6505.5&lawCode=GOV. Accessed February 20, 2025.

commissioner, or similarly qualified staff member, as treasurer¹⁵ (i.e., qualified to serve as a city or county treasurer).

Consequences

Failing to identify a qualified treasurer can have profound consequences. For instance, the March JPA Finance Director left the organization in July 2022, and the position was not filled. Instead, the March JPA engaged multiple financial firms for their services. As they prepared for the annual 2022-2023 audit, it was discovered that monthly bank reconciliations had not been completed for the entire fiscal year.¹⁶ An independent firm confirmed this issue. Consequently, the March JPA hired an accounting firm to address the problem and ensure the annual audit could proceed, and the March Chief Executive Officer (CEO), whose expertise is in public policy, planning, and development, functioned as the March JPA treasurer.

The Grand Jury conducted interviews and reviewed the 2022-2023 March JPA Commission agendas and minutes. There is no evidence that the Commission was informed about the incomplete monthly bank reconciliations for the entire 2022-2023 fiscal year.

This situation raises three important questions:

1. Was the March JPA Commission aware that bank reconciliations for the 2022-2023 fiscal year were not completed throughout the entire year?
2. If the Commission was unaware, why didn't they know?
3. If the Commission was aware, why didn't they take corrective action during the fiscal year?

Annual Financial Statement Audits

The California Government code §6505(b) mandates joint powers authorities to have annual audits.¹⁷ To comply with the law, the original March JPA agreement, and subsequent agreements, mandate annual audits.¹⁸

The objective is to ensure that financial statements are free from significant inaccuracies, whether caused by fraud or error.

¹⁵ Fourteenth Amended Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base," April 18, 2023, p. 10, (m). URL is located at <https://marchipa.com/wp-content/uploads/2024/06/JPA-14th-Amendment-fx-04-18-2023.pdf>. Accessed February 20, 2025.

¹⁶ March JPA's fiscal year starts on July 1st and ends on June 30th.

¹⁷ California Legislative Information, Government Code §6505(b), effective January 1, 1999. URL is located at https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=6505.&lawCode=GOV. Accessed February 13, 2025.

¹⁸ Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base, September 7, 1993, p. 10. URL is located at <https://marchipa.com/wp-content/uploads/2024/06/JPA-Original-09-07-1993.pdf>. Accessed January 6, 2025.

The March JPA engages independent auditing firms to perform annual financial statement audits. There are three types of annual financial statement audit reports on the March JP's website.¹⁹ They are as follows:

1. Consolidated March Joint Powers Authority Audit Report (includes Successor Agency)
2. March Utility Powers Authority Audit
3. March Inland Port Airport Authority Audit

Annual Financial Statement Audits: Time Limit

According to the March JPA agreements, audits must be presented to the March JPA Commission within six months after the fiscal year ends.²⁰

However, as illustrated in Table 1 below, the March JPA Commission is not in compliance with its own joint powers agreement. Starting on June 30, 2022, its financial statement audit reports are significantly beyond the six-month time requirement. The failure to report on time will continue for the fiscal year ending June 30, 2024, because the 2024 fiscal year audits will not be available until at least the end of the 2024-2025 fiscal year. Receiving annual audit reports 10 to 15 months after the fiscal year ends equates to ineffective financial monitoring and accountability.

Table 1
Comparison between the End of a fiscal year
and Audit Report Availability

Fiscal Year Ending June 30th	Audit Report Completion Date	Number of Months to Complete Audit (Rounded)
2016	January 3, 2017	6
2017	December 18, 2017	6
2018	December 18, 2018	6
2019	January 27, 2020	7
2020	February 3, 2021	7
2021	January 18, 2022	6
2022	May 10, 2023	10
2023	October 4, 2024	15
2024	?	At least 12

Sources: March JPA Commission Agendas and Audit Reports

¹⁹ March Joint Powers Authority, Documents, Forms, and Online Resources, "Documents and Forms," under the letter F. URL is located at <https://marchipa.com/documents-forms/>. Accessed January 21, 2025.

²⁰ Joint Powers Agreement September 7, 1993, p. 10. URL is located at <https://marchipa.com/wp-content/uploads/2024/06/JPA-Original-09-07-1993.pdf>. Accessed January 6, 2025.

Notable Content within Audit Documents

The Grand Jury reviewed the March JPA annual financial statement audit reports for the fiscal years 2016 through 2023.²¹ Additionally, the Grand Jury obtained copies of letters sent by audit firms to the March JPA commissioners and management. Below are the issues identified in these letters.²²

- **Segregation of Duties:** Audits identified the lack of proper segregation of duties within key financial processes, specifically in the areas of cash receipts and cash disbursements. Several employees have access to incompatible functions, including both the initiation and approval of transactions, as well as access to both assets and the related accounting records. (Letters to the JPA Commission, Items 2020-001, 2021-001, 2022-001, and 2023-001)

The segregation of duties helps reduce the risk of errors, fraud, and unauthorized transactions, by ensuring that no single individual can both perpetrate and conceal irregularities.

For years, the March JPA's management agreed with auditors' segregation of duties observations and recommendations. Yet, this internal control deficiency continued without resolution. There is no evidence that the JPA Commission took action to resolve this deficiency.

- **Recording Monthly Journal Entries:** "The Authority does not maintain a list of monthly recurring journal entries, including adjusting, reversing, and year-end journal entries, to ensure that all required journal entries have been booked." (Letter to Management, Item 2020-001)
- **Credit Card Records:** "According to the Authority's Procurement, Purchasing and Contracting Policy adopted April 18, 2007, section 5.2, supporting documents of credit card purchases must be submitted to the Accounting Department within five (5) business days from the transaction date. However, insufficient documentation to indicate the timeliness was noted on several transactions. We recommend that the Authority implement a standard internal form to be dated, signed, and submitted along with supporting documents of credit card purchases." (Letter to Management 2021-002)
- **Capital Asset Policy:** "The Authority does not maintain a formal capital asset policy, to ensure that purchases are being properly expensed or capitalized in accordance with financial reporting requirements." (Letter to Management 2022-003).
- **Proper Supervisor's Approval:** "Several instances were noted where the proper supervisor's approval was not noted on employee timecards, therefore we were unable to

²¹ March Joint Powers Authority, Documents, Forms, and Online Resources, "Documents and Forms," under the letter F. URL is located at <https://marchjpa.com/documents-forms/>. Accessed January 21, 2025.

²² Davis Farr, LLC. Letter to the March JPA Commissioners, October 4, 2024, pp. 2-4.

rely on this control. We recommend that all timecards are reviewed and approved by the appropriate supervisor.” (Letter to Management 2022-004).

- **Records Supporting Land:** “During the audit, it was noted there was not sufficient detail to support the recorded balance of Land in the accounting records. This detail is necessary to verify the accuracy and completeness of the reported amounts. This resulted in the modification of the auditor’s opinions.” (Letter to the JPA Commission, Item 2023-002)
- **Material Audit Adjustments:** “During the audit, several material audit adjustments were identified that had not been previously recorded by management. These adjustments impacted revenues, receivables, and allowance for doubtful accounts. The identification of material audit adjustments increases the risk of potential material misstatements going undetected in future periods.” (Letter to the JPA Commission, Item 2023-003)
- **Interfund Borrowings:** For years, the March JPA loaned money to its March Inland Port Airport Authority (MIPAA). There are no formal repayment agreements which pose risks of misunderstandings among March JPA commissioners and the four jurisdictions. In a letter, dated October 4, 2024, the auditor wrote the following.

“A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 2023-004 to be a significant deficiency.”²³
(Letter to the JPA Commission, Item 2023-004)

- **Matter Giving Rise to Qualified Opinion on the March Inland Airport Authority**
Capital assets, which include land, are reported in the statement of net position. Insufficient information about the land associated with MIPAA may misrepresent the net position of MIPAA. The auditor wrote the following:

“We were unable to obtain sufficient appropriate audit evidence to support the amounts recorded as Land in the financial statements. Management does not have sufficient detail in its accounting records to support the balance of Land recorded in the financial statements. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost. A detailed list of land parcels was available; however, a detail of historical value estimates was not available for review for the land parcels.”²⁴ (Letter to the JPA Commission)

- **Required Supplementary Information Missing**

In a letter to March JPA commissioners on October 4, 2024, the firm that conducted the 2022-2023 audit identified a significant issue that places the

²³ Davis Farr, LLC. Letter to the March JPA Commissioners, October 4, 2024, p. 3.

²⁴ Davis Farr, LLC. Letter to the March JPA Commissioners, October 4, 2024, p. 1.

annual financial statement audit results in doubt. The March JPA management failed to discuss and analyze the airport's accounting principles. "Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context."²⁵

The cumulative effect of unresolved internal control issues results in uncertainty as to whether any wrongdoing occurred.

Certain audits, such as performance and forensic audits, are designed to examine internal controls more thoroughly than annual financial statement audits. Due to the unresolved internal issues, the March JPA Commission now needs to arrange for a more comprehensive examination of its internal controls.

March JPA's Financial Position

On June 30, 2023, March JPA's assets exceeded its liabilities by \$200,933,560. Of this amount, \$40,089,420 is classified as "unrestricted net position," meaning it could be used to fulfill March JPA's ongoing agreement obligations to the cities of Moreno Valley, Perris, Riverside, and the County of Riverside.²⁶ Table 2 illustrates March JPA's "unrestricted net position" for the last four years with completed audits.

Table 2
March JPA Unrestricted Net Position

Fiscal Years	Unrestricted Net Position
2019-2020	\$27,826,112
2020-2021	\$29,829,212
2021-2022	\$34,969,878
2022-2023	\$40,089,420

Sources: March JPA Audit Reports²⁷

²⁵ 2022-2023 Annual Audit Report Year Ending June 30, 2023, by conducted by Davis Farr, LLC., p. 3. URL is located at <file:///C:/Users/gjury/Desktop/March%20JPA%2001-07-24/Financial%20Documents/March%20Inland%20Port%20Airport%20Authority/2023%20-%20MJPA%20Annual%20Financial%20Report.pdf>. Accessed January 27, 2025.

²⁶ 2022-2023 Annual Audit Report Year Ending June 30, 2023, by conducted by Davis Farr, LLC., p. 5. URL is located at <https://marchjpa.com/wp-content/uploads/2024/12/Financial-Statements-MJPA.pdf>. Accessed January 27, 2025.

²⁷ March Joint Powers Authority, Documents and Forms, 2024. URL is located at <https://marchjpa.com/documents-forms/>. Accessed March 13, 2025.

MARCH INLAND PORT AUTHORITY



MIPAA's terminal at the March Air Reserve Base (Picture from the JPA's website)

The March Inland Port Airport Authority (MIPAA) was formed by the JPA in 1996 for the purpose of creating a public use airport on the March Air Reserve Base. MIPAA shares aviation facilities with the March Air Reserve Base including a staffed control tower, taxiways, nav aids, runways, and maintenance facilities. The runway is 13,300 feet long.

According to the Federal Aviation Administration, there are 21 military-civilian joint use airports in the United States.²⁸ Of the 21 civilian agencies with joint use agreements, 19 civilian agencies (90%) are accountable to city, county, or state governments. MIPAA is not accountable to a city, county, or state government. Additionally, MIPAA is the only governmental entity with a joint use agreement that is structured as a "joint powers authority."

According to military records, the maximum number of MIPAA logged flights occurred in 2021. In that year, there were 4,922 civilian air operations while there were 26,518 military operations. MIPAA made up 16.1 % of the total air operations that year. MIPAA flights are (1) general aviation flights and (2) commercial flights (e.g., flights for Amazon).

Air Operation

A plane taking off is an air operation and a plane landing is another air operation.

The original joint use agreement between MIPAA and the United States Air Force was in 1997. Three amendments to that agreement occurred in 2001, 2008, and 2014.²⁹ The geopolitical landscape has changed since 2014. For example, there is stronger opposition to the United States in the Pacific Theater in 2025 than in 2014. Military sources suggest that the joint use agreement needs to be updated to align with current Air Force policies, doctrine, and the federal government's existing and projected resource realities.

MIPAA FINANCES

MIPAA's financial records can be distinguished between two broad categories: (1) operational funds and (2) capital funds. Operational funds refer to the day-to-day business of general aviation and commercial flights at the airport, whereas capital funds refer to grants, primarily from the FAA, for airport infrastructure projects (e.g., runway maintenance).

²⁸ Federal Aviation Administration, "Joint Civilian/Military (Joint-Use) Airports," August 2, 2022. URL is located at https://www.faa.gov/airports/planning_capacity/joint_use_airports. Accessed January 21, 2025.

²⁹ March Joint Powers Authority, "Documents, Forms, and Online Resources," (Look under the letter "J," 2024. URL is located at <https://marchjpa.com/documents-forms/>. Accessed January 29, 2025.

MIPAA's Operational Funds

The Grand Jury examined MIPAA's operational funds from 2016 through 2023. Except for the fiscal year ending on June 30, 2019, MIPAA's operational expenses were higher than its operational income. Table 3 below illustrates the net operating losses.

Table 3

Net Operational Losses 2016 to 2013*

MIPAA Audit Net Income (Loss) Figures			
Fiscal Years Ending On	Net Operating Income (Loss)	Fiscal Years Ending On	Net Operating Income (Loss)
06/30/2016	-\$480,163	06/30/2020	-\$439,721
06/30/2017	-\$782,636	06/30/2021	-\$28,069
06/30/2018	-\$766,500	06/30/2022	-\$684,617
06/30/2019	\$409,592	06/30/2023	-\$568,071

Sources: MIPAA audits

* The net operational expenses exclude annual interest of \$104,500 owed by MIPAA to the March JPA because the March JPA has allowed MIPAA not to make loan payments and it reported as such in annual MIPAA audits.

On June 12, 2024, the March JPA Commission approved a proposed MIPAA 2024-2025 annual budget continuing to operate MIPAA at a net operational loss (see Table 4).³⁰

Table 4

MIPAA 2024-2025 Operational Losses Budgeted

MIPAA Operating Figures	2023-2024 MIPAA Operational Budget	2024-2025 MIPAA Operational Budget
Total Operating Revenue	\$3,352,758	\$3,568,308
Total Operating Expenses	\$4,043,240	\$4,244,845
Difference	(\$690,482)	(\$676,537)

Source: March Inland Port Airport Authority Fiscal Year 2024-25 Annual Budget

The March JPA's primary source of income comes from its land development authority. With that income source phasing out soon, MIPAA acknowledges that financial procedures need to be modified.³¹

³⁰ March Joint Powers Authority Commission Agenda, June 12, 2024, Item 14(1), "March Inland Port Airport Authority Fiscal Year 2024-25 Annual Budget," pp.1689-92. URL is located at <https://marchipa.com/wp-content/uploads/2024/06/061224-PACKET--FINAL.pdf>. Accessed February 3, 2025.

³¹ March Inland Port Airport Authority, "Draft Master Plan Update," Appendix D – "Sustainability Management Plan" pp. 8-11, January 2024. URL is located at <https://marchipa.com/airport-master-plan/>. Accessed February 3, 2025.

Federal and State Grants

In September 2024, the March JPA Commission approved an updated MIPAA Airport Master Plan. This plan outlines airport capital improvements to be implemented in three phases over the next 20 years. The proposed improvements include upgrades to runways, taxiways, airport signage, lighting, and markings. (Details associated with each proposed capital improvement phase are available in the MIPAA Airport Master Plan.³²)

If these improvements are conducted, the number of commercial flights at March Air Reserve Base could increase from 2,932 in 2023 to 17,485 in 2044. Table 5 illustrates the funds needed to complete each of the three proposed capital improvement phases.

Table 5
Projected MIPAA Capital Improvement Funds Needed by Phase

Phases	Amounts
Phase 1 (0 – 5 Years)	\$39,991,000
Phase 2 (6 – 10 Years)	\$63,772,000
Phase 3 (11 – 20 Years)	\$34,083,000
Phases 1-3 Total	\$137,846,000

Source: Draft Master Plan Update on March JPA's Website, p. 218

MIPAA cannot afford to fund its proposed capital improvements without financial assistance from federal, state, and local funding sources. The Master Airport Plan reports that it may be eligible for up to 90% of the cost of these improvements, while MIPAA would need to obtain 10% or more from state and local financial sources for each improvement phase.

MIPAA's financial contributions to these proposed capital improvements are a minimum of \$13,784,600. According to the current March joint powers authority agreement, should MIPAA need operational or capital improvement funds, the March JPA may request the four jurisdictions of the March JPA to provide financial support to meet its obligations.³³

MIPAA's ability to generate capital improvements funds was hindered when Amazon announced that it would relocate its flight operations from March Air Reserve Base to San Bernardino International Airport by May 2025.³⁴ As MIPAA's primary commercial flight operator, Amazon's move to San Bernardino will significantly reduce MIPAA's operating income and further widen the gap between its operating income and operating expenses.

³² March Inland Port Airport Authority, "Draft Master Plan Update," January 2024, pp. 122-220. URL is located at <https://marchjpa.com/airport-master-plan/>. Accessed February 3, 2025.

³³ Fourteenth Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base," April 18, 2023, p. 9. URL is located at <https://marchjpa.com/wp-content/uploads/2024/06/JPA-14th-Amendment-fx-04-18-2023.pdf>. Accessed January 6, 2025.

³⁴ Patch, Murrieta, California, "Amazon Pulls Planes, Warehouse From RivCo's March ARB: What To Know," by Ashley Ludwig, February 21, 2025. URL is located at <https://patch.com/california/murrieta/amazon-pulls-planes-warehouse-rivcos-march-arb-what-know>. Accessed March 5, 2025.

MIPAA's Indebtedness

MIPAA has been able to operate partly due to loans from the March JPA's general fund. The first loan in 2003 was \$597,896 and non-interest-bearing. The second loan, in 2004, was for \$2,090,000 with an interest rate of 5.0%.

MIPAA has not made loan payments. In fact, the opposite is true. Rather than making annual payments to pay off the two loans, MIPAA just adds each year's annual interest amounts to its principal amounts owed which incrementally increases MIPAA's indebtedness. The two loans combined are \$2,687,896. After 20 years of failing to pay on these loans, MIPAA owes the March JPA general fund approximately \$4.8 million.

Potential Loan Repayment

The March JPA has a finance subcommittee comprised of three March JPA commissioners. On August 3, 2022, this subcommittee reviewed four repayment options and recommended to the March JPA Commission that all MIPAA loans be forgiven.

During the discussion of the March JPA 2023 audit, the March JPA Commission brought up the topic of MIPAA repaying its loans. Management's position is, "The loan will be repaid from airport revenues once excess funds become available."³⁵

The decision on whether MIPAA's loans will be repaid, partially repaid, or completely forgiven is still pending with the March JPA Commission. If the March JPA decides to forgive MIPAA's loans, as some have suggested, it will result in less money being distributed to the cities of Moreno Valley, Perris, Riverside, and the County of Riverside. Consequently, if MIPAA's loans are forgiven, these cities and the county will effectively be subsidizing the March JPA's airport authority.

Cost-Sharing Agreement with the United States Air Force

MIPAA's 2014 joint use agreement with the United States Air Force requires MIPAA to pay for its fair share of "major repair projects and/or new construction projects required for the Jointly Used Flying Facilities."³⁶ Although MIPAA is aware of this requirement, it did not allocate the necessary funds within its budgets. Neither the Air Force nor MIPAA have brought up the topic for years.

³⁵ March Joint Powers Authority Commission Agenda, October 2, 2024, Item 9(3), p. 84. URL is located at <https://marchipa.com/wp-content/uploads/2024/09/10-02-2024-JPC-Final-Packet.pdf>. Accessed February 3, 2025.

³⁶ Joint Use Agreement between the March Inland Port Airport Authority and the United States Air Force, Amendment 3, March 19, 2024, p. 15, Section 15(a). URL is located at <https://marchipa.com/wp-content/uploads/2024/04/Joint-Use-Agreement-MJPA-USAF-all-changes-incorporated-03-19-2014.pdf>. Accessed January 27, 2025.

In 2024, the March Air Reserve Base brought up the topic. From 2017 through 2023, the Air Force paid \$15 million for repairs and improvements at the airport. The Air Force requested that MIPAA pay its fair share.³⁷

MIPAA and the Air Force agreed that MIPAA's fair share costs would be "calculated as the number of civil aircraft operations at March ARB in a given year divided by the total sum of civil and military aircraft operations at March ARB in the same year."³⁸ Based on that formula, MIPAA received an invoice for \$1,903,332 from the March Air Reserve Base and the March JPA Commission approved payment.

MIPAA will need to consider its fair share costs when developing its future MIPAA fiscal year budgets.

MIPAA Financial Vulnerability

The bottom line is that MIPAA's financial situation is caused by:

- MIPAA's operating expenses consistently surpass operational income.
- MIPAA's operational income needs to surpass its operating expenses to have the ability to meet federal and state grants requirements.
- MIPAA's debt increases year after year.
- MIPAA's loan repayment to the March JPA general fund is unknown.

In 2024, the March JPA Commission approved a MIPAA "Sustainability Management Plan."³⁹ The plan references a list of ways it could generate funds for operating and expanding the airport's infrastructure. However, producing a plan is vastly different than implementing a plan. So far, there is no evidence that MIPAA can financially operate on its own, much less make the infrastructure improvements it envisions.

MARCH JPA COMMISSION

Implied Representation

The cities of Moreno Valley, Perris, Riverside, and the County of Riverside each appoint two representatives from their respective governing council/board to the March JPA Commission.⁴⁰ March JPA commissioners handle a wide range of complex issues, including interactions with federal and state departments, legal matters, financial oversight, and lengthy agendas, often with minimal assistance.

³⁷ March Joint Powers Authority Commission Agenda, November 6, 2024, Item 11(1), pp. 183-189. URL is located at <https://marchjpa.com/wp-content/uploads/2024/10/11-06-2024-JPC-Packet.pdf>. Accessed January 27, 2025.

³⁸ March Joint Powers Authority Commission Agenda, November 6, 2024, Item 11(1), p. 186. URL is located at <https://marchjpa.com/wp-content/uploads/2024/10/11-06-2024-JPC-Packet.pdf>. Accessed January 30, 2025.

³⁹ March Inland Port Airport Authority, "Draft Master Plan Update," Appendix D – "Sustainability Management Plan" pp. 8-11, January 2024. URL is located at <https://marchjpa.com/airport-master-plan/>. Accessed February 3, 2025.

⁴⁰ Fourteenth Joint Powers Agreement between the Cities of Moreno Valley, Perris, and Riverside and the County of Riverside for the Formation of the Joint Powers Authority to Formulate and Implement Plans for the Use and Reuse of the March Air Force Base," April 18, 2023, Section 5(b), pp. 6-7. URL is located at <https://marchjpa.com/wp-content/uploads/2024/06/JPA-14th-Amendment-fx-04-18-2023.pdf>. Accessed January 6, 2025.

A previous Grand Jury investigation found that the March JPA commissioners rarely sought consensus from their home jurisdictions⁴¹ and the March JPA Commission agreed with that finding.⁴² Consequently, doubt remains that March JPA commissioners represent the interests of their respective communities.

A decision by the California Appeals Court, along with two legal opinions from the California Attorney General, supports the idea that March JPA commissioners function as independent agents while serving on the March JPA Commission. Key points are as follows:

1. In 1971, a California Appeals Court decision, “A member of the governing board of a “joint powers agency” may cast a valid vote on a matter before the agency that is inconsistent with the position taken by the legislative body that appointed the member.”⁴³
2. In 2000, the California Attorney General issued an opinion stating that a “member of the governing board of a joint powers agency may cast a valid vote on a matter before the agency that is inconsistent with the position taken by the legislative body which appointed the member.”⁴⁴
3. In 2021, the California Attorney General issued an opinion stating that a “discussion [within a city/board] could violate procedural due process by infringing on a party’s right to a neutral, impartial decision-maker.”⁴⁵

When there are conflicts of interest between their home jurisdictions and the March JPA, it is unlikely that March JPA commissioners will adequately represent the interests of their home jurisdictions. For example, in 2013, the City of Moreno Valley sued the March JPA over the March JPA’s decision concerning the development of the March “LifeCare” complex. A Moreno Valley councilmember initially voted to sue the March JPA but later backed the March JPA’s stance in the lawsuit.⁴⁶

Additional Responsibilities

Elected officials on the March JPA Commission face significant challenges in balancing their primary duties with the complex and time-consuming issues specific to the Commission.

⁴¹ 2023-2024 Riverside County Civil Grand Jury, “March Joint Powers Authority: Marginally Transparent.” March 21, 2024, p. 21. URL is located at https://rivco.org/sites/g/files/aldnop116/files/Past%20Reports%20%26%20Responses/2023-2024/March_JPA_Final_Report_4-15-2024_Final.pdf. Accessed January 6, 2025.

⁴² 2023-2024 Riverside County Civil Grand Jury, “March Joint Powers Authority: Marginally Transparent.” March 21, 2024, p. 21. URL is located at https://rivco.org/sites/g/files/aldnop116/files/Past%20Reports%20%26%20Responses/2023-2024/March_JPA_Final_Report_4-15-2024_Final.pdf. Accessed January 6, 2025.

⁴³ Office of the Attorney General, State of California, Bill Lockyer, Attorney General, Opinion on Harbach v. El Pueblo de Los Angeles etc. Com.” (1971), Civ. No. 36485. Court of Appeals of California. URL is located at <https://oag.ca.gov/system/files/opinions/pdfs/00-708.pdf>. Accessed January 6, 2025.

⁴⁴ State of California Department of Justice, Legal Opinions of the Attorney General. Official Citation: 83 Ops.Cal.Atty.Gen. 267. Issued on December 8, 2000. URL is located at <https://oag.ca.gov/opinions/search?combine=83+Ops.Cal.Atty.Gen.+267>. Accessed January 6, 2025.

⁴⁵ State of California Department of Justice, Legal Opinions of the Attorney General. Official Citation: 104 Ops.Cal.Atty.Gen. 34. Issued on September 17, 2021. URL is <https://oag.ca.gov/opinions/search?combine=104+Ops.Cal.Atty.Gen.+34>. Accessed January 6, 2025.

⁴⁶ Voice, “Moreno Valley Lawsuit Against March JPA Comes to Grinding Halt,” by Corey Arvin, July 10, 2014. URL is located at <https://thevoice.com/moreno-valley-lawsuit-against-march-jpa-comes-to-grinding-halt/>. Accessed January 6, 2025.

- **Primary Responsibilities of Elected Officials:** Elected officials must serve their constituents by addressing their concerns, attending meetings, and being knowledgeable about their jurisdiction's departments and services. Serving on the March JPA Commission is secondary to their primary city council or county board duties.
- **Additional Assignments:** Officials are often appointed to various boards, commissions, and advisory committees, both within and outside their jurisdiction. One commissioner, for example, serves on multiple committees, including the Mobility and Infrastructure Committee.
- **March JPA Commission Duties:** The March JPA Commission addresses a wide range of complex issues. Commissioners must be well-versed in extensive agendas, intricate technical and legal matters, and ensure compliance with various laws and policies. They navigate through controversial topics, address national security concerns, and overseeing millions of dollars in public funds and assets.

Commissioners' Reliance

Due to their busy schedules, March JPA commissioners rely heavily on the recommendations of March JPA's CEO. During interviews, commissioners expressed their trust in and dependency on the expertise of the CEO.

Operated as a Small Private Business

According to the March JPA financial audits, the March JPA functions similarly to a personal business enterprise, with the CEO managing its affairs. However, the March JPA Commission is responsible for making decisions on issues presented in their meeting agendas, based on the recommendations made by the CEO. There are notable exceptions, but normally the Commission approves the CEO's recommendations.

The CEO manages 11 employees who manage various tasks related to land development, utilities, bond payments, and airport management. Initially, the staff was assembled to focus primarily on land development, bringing expertise in public policy, property management, and facilities and landscaping maintenance. However, as the March JPA shifts its focus to the airport, the current staff positions are not well suited for airport operations. Consequently, the CEO plans to reduce the March JPA staff by about half.

The March JPA Commission currently lacks a succession plan for replacing its upper management position. In the event of an unexpected vacancy, there is no one on the current staff who is prepared to step into such a vacancy. Without a succession plan, the March JPA Commission risks losing critical knowledge and expertise during a personnel transition.

DISCUSSION

Over the past three decades, March JPA's efforts have led to significant land development, the establishment of new businesses, an infusion of billions of dollars into the local economy, and the creation of thousands of new jobs. Recognizing that its mission had been fulfilled, the March JPA Commission unanimously voted to disband the organization, although no specific end date was set.⁴⁷ The disbandment process involves complex legal and financial issues, which prevented the setting of a definitive date. However, by July 1, 2025, many of these issues are expected to be resolved, facilitating the transition of land authority.

With the land authority gone, the March JPA will retain its utilities, successor agency, and airport authorities. Its utilities authority and successor agency can be dissolved or transferred to the County of Riverside.

- The March JPA is actively negotiating with California Gas Company⁴⁸ to take its utilities obligations. When that occurs, the utilities authority can be dissolved.
- According to California Health and Safety Code §34173, the March JPA can transfer its Successor Agency to the County of Riverside. The Successor Agency has a bond debt of \$35,859,875. The funds to pay that debt are collected through the Redevelopment Property Tax Trust Fund, which is managed and distributed by Riverside County. Essentially, Riverside County is already performing March JPA's Successor Agency job.

Even if the March JPA retains its utilities authority and successor agency, it is transitioning into a permanent, independent, stand-alone airport authority. This new entity will be governed by non-elected officials who rely on a single administrative staff member and will operate at a monetary loss.

The County of Riverside can access services that the March JPA Commission and its staff members may not be able to provide efficiently or cost-effectively.

- Transportation & Land Management Agency has personnel with expertise, experience, and resources, along with established airport policies and procedures, to manage and improve air facilities at the March Air Reserve Base while establishing and maintaining fiscal responsibility.
- The Auditor-Controller Department of Riverside County has personnel with expertise and experience to ensure accurate and timely financial reporting, as well as to examine the strengths and weaknesses within an authority's internal controls system.

Finally, if the March JPA's airport authority were transferred to the County of Riverside, the Riverside County Board of Supervisors, as elected officials, would be directly accountable to

⁴⁷ Press Enterprise, "Local News, RIVERSIDE: No date set for JPA to disband," by [Kurt Snibbe](#), June 8, 2016. URL is located at <https://www.pressenterprise.com/2016/06/08/riverside-no-date-set-for-ipa-to-disband/>. Accessed January 27, 2025.

⁴⁸ March Joint Powers Authority, March Joint Power Commission Agenda Item 8(1), August 14, 2024, p. 17. URL is located at <https://marchipa.com/wp-content/uploads/2024/08/08-14-24-JPC-Final-Packet.pdf>. Accessed January 27, 2025.

voters for decisions concerning civilian general aviation and commercial flights at the March Air Reserve Base.

FINDINGS

- F-1 In violation of the California Government Code §6505.6 and its own joint powers authority agreement, the March JPA Commission has not appointed a professionally qualified commissioner or staff member as its treasurer (i.e., qualified to serve as a treasurer for one of the cities or the county).
- F-2 The March JPA did not perform monthly bank reconciliations for the 2022-2023 fiscal year until the end of the 2022-2023 fiscal year.
- F-3 The March JPA Commission has not complied with its own joint powers agreement by failing to complete annual financial audits within six months following the end of each fiscal year.
- F-4 For the past four years, auditors have consistently reported internal control issues to the March JPA Commission and management, particularly regarding the segregation of duties. These unresolved issues increase the risk of errors, fraud, and unauthorized transactions.
- F-5 Persistent unresolved internal control issues create uncertainty regarding the accuracy of March JPA's financial records and the effectiveness of its financial procedures.
- F-6 The March JPA oversees an airport authority. The airport's operating expenses consistently surpass its operational income.
- F-7 The March JPA was not originally intended to become a permanent, stand-alone airport authority governed by non-elected officials who rely heavily on a single administrative staff member.
- F-8 March JPA Commissioners are appointed to serve on the March JPA Commission. The Commission is not accountable to any single city, county, or state government, including voters.
- F-9 March JPA Commissioners' votes may sometimes conflict with the positions held by their respective city councils or county board.
- F-10 The County of Riverside has departments and personnel with specialized expertise and resources that the March JPA lacks, enabling it to meet the commercial and general aviation needs at the March Air Reserve Base more efficiently than the small March JPA staff.
- F-11 March JPA can legally transfer its utility authority to the California Gas Company and its Successor Agency to the County of Riverside.
- F-12 The March JPA does not have a succession plan to replace upper management personnel should it be necessary.
- F-13 The March JPA has over \$40,000,000 in its "unrestricted" funds.

RECOMMENDATIONS

- R-1 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission comply with California Government Code §6505.6 and its own joint powers authority agreement by appointing a professionally qualified commissioner or staff member as treasurer by October 1, 2025. (A professionally qualified treasurer is defined as a person whose academic and work experience qualifies them to serve as treasurer within the cities of Moreno Valley, Perris, or Riverside.)
Based on Findings: F-1, F-2, F-3, F-4, F-5, F-6, and F-10
Financial Impact: Minimal
- R-2 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission require its Chief Executive Officer to prepare, sign, and date a quarterly agenda item confirming that its internal financial controls comply with US Generally Accepted Accounting Principles (GAAP) standards no later than October 1, 2025.
Based on Findings: F-2, F-3, F-4, and F-5
Financial Impact: Minimal
- R-3 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission mandate that its staff members complete March JPA annual financial statement audits within six months of the end of each fiscal year no later than August 1, 2025.
Based on Findings: F-2, F-3, F-4, and F-5
Financial Impact: Minimal
- R-4 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission transfer its March Inland Port Airport Authority to the County of Riverside no later than July 1, 2028.
Based on Findings: F-2, F-3, F-4, F-5, F-6, F-7, F-8, F-9, and F-10
Financial Impact: Minimal to the March JPA; Moderate to Riverside County
- R-5 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority dissolve its Utility Authority no later than July 1, 2028.
Based on Findings: F-11
Financial Impact: Minimal to Moderate
- R-6 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority transfer its Successor Agency to the County of Riverside no later than July 1, 2028.
Based on Findings: F-11
Financial Impact: Minimal to the March JPA; Minimal to Riverside County
- R-7 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission dissolves itself no later than December 31, 2028.
Based on Findings: F-1, F-2, F-3, F-4, F-5, F-7, F-8, F-9, F-10, and F-11
Financial Impact: Minimal to Moderate

- R-8 If the March Joint Powers Authority does not agree to dissolve itself by December 31, 2028, the Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission modify its joint powers agreement to convert its appointed commissioner positions into elected positions no later than October 1, 2027. (Candidates should appear on the 2028 California primary election ballot.)
Based on Findings: F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, and F-9
Financial Impact: Minimal to the March JPA; Moderate to Cities and Riverside County
- R-9 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission hire an independent firm to conduct a forensic audit of the March JPA financial records from July 1, 2021, to June 30, 2023, with a completion deadline of no later than January 1, 2026.
Based on Findings: F-1, F-2, F-3, F-4, F-5, and F-6
Financial Impact: \$8,000 to \$20,000
- R-10 The Riverside County Civil Grand Jury recommends that the March Joint Powers Authority Commission develop and approve a succession plan for key staff positions, including the Chief Executive Officer, by October 1, 2025.
Based on Findings: F-12
Financial Impact: Minimal

(See Next Page)

REQUIRED RESPONSES

The governmental entities are required to respond to the findings and recommendations listed below.

According to California Penal Code §933, governing bodies have 90 days to respond to grand jury report findings and recommendations. The California Penal Code §933.05 outlines the limits within which governing bodies are allowable to respond.

REQUIRED RESPONSES

Locations	Findings	Recommendations
March JPA Commission	F-1 to F-13	R-1 to R-10
Riverside County Board of Supervisors	F-10 and F-11	R-4, R-6, and R-8
City of Moreno Valley	F-9	R-8
City of Perris	F-9	R-8
City of Riverside	F-9	R-8

INVITED RESPONSES

The governmental entities are invited, but not legally required, to respond to the findings and recommendations listed below.

Locations	Findings	Recommendations
City of Moreno Valley	F-1 to F-8 & F-10 to F-13	R-1 to R-7 & R-9 to R-10
City of Perris	F-1 to F-8 & F-10 to F-13	R-1 to R-7 & R-9 to R-10
City of Riverside	F-1 to F-8 & F-10 to F-13	R-1 to R-7 & R-9 to R-10
Riverside County Board of Supervisors	F-1 to F-9 and F-13	R-1 to R-3, R-5, R-7, & R-9 & R-10

Report Issued Date: 4-10-2025

Report Public Date: 4-15-2025

Response Due Date: 7-15-2025