

From: Tiffany Anderson <tiffanykayanderson@yahoo.com>

Date: Thursday, June 9, 2011 at 4:10 AM

Subject: Stockton record article

By ***Keith Reid***

Record Staff Writer

June 09, 2011 12:00 AM

WOODBIDGE - The San Joaquin County grand jury released a scathing nine-page report Wednesday on operations at the Woodbridge Sanitary District, the north county town's sewer services provider.

The grand jury report blasted general manager Luis Ching for engaging in payroll fraud, falsifying State Water Resources Control Board records and nepotism. The grand jury also criticized the elected board of directors for being "uninformed" or not taking their job seriously enough.

"The poor management and Board oversight does not merit the public's trust. The Board is doing a disservice to constituents by the lack of policy and procedures, which limits transparency of policy and fiduciary decisions," the report stated.

The Woodbridge Sanitary District covers 188 acres in northern San Joaquin County and serves 3,500 customers, according to county records. The district has annual revenues of roughly \$376,000, and has a staff of five to 10 employees, the grand jury report stated.

District leaders did not refute the blistering report on Wednesday, and the findings could be compounded in the coming months as the State Water Resources Board conducts its own investigation regarding the alleged falsified reports, according to board spokeswoman Kathie Smith.

"The State Water Resources Control Board has an ongoing investigation at this facility," Smith wrote in an email. "The allegation of falsification of records in the Grand Jury report appears to have come from the testimony of a district employee. The Water Board will look into the falsification allegation as part of its investigation."

A water board penalty would likely be a fine, although the amount is unclear.

Some of the grand jury's findings include:

Payroll fraud: The district general manager fraudulently paid one employee \$1,260 for 36 hours of work performed by another part-time employee, with the understanding the money would be handed over to the part-timer. The arrangement was made so the part-time employee's salary would not

interfere with his eligibility for Social Security disability benefits.

Falsified reports to the state: The grand jury confirmed allegations that the district only reported three sewage spills to the state board, when records showed at least 12 had been reported by ratepayers.

Additional falsification: The district also revised water quality readings that were out of state compliance to fall within guidelines.

Nepotism/favoritism: Relatives of district management were paid more to perform work than other staff members. In one case, a relative was paid \$35 an hour to trim weeds. Others would have earned \$10 to \$15 an hour for the same work.

Fiscal mismanagement: District credit card statements show thousands of dollars have been spent monthly on tools, multiple gas charges on the same day and inappropriate service contracts to relatives of employees. The grand jury did investigate one allegation of employee harassment but could not validate that claim.

Woodbridge Sanitary District officials said they are adhering to many of the recommendations to become more fiscally prudent and provide better employee training

"We've made some changes and are implementing some of the recommendations," board President Douglas Colucci said.

Wednesday's report noted the district has made some changes, including eliminating employee compensatory time, using a time clock, developing new credit card policies, developing new job descriptions and creation of a personnel manual.

District lawyer Mia Brown said the district has until Sept. 8 to make a written response to the grand jury report and plans to do so.

"Until then, we won't be making any statements," she said.

Contact reporter Keith Reid at (209) 546-8257 orkreid@recordnet.com.

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