



COUNTY OF HUMBOLDT

For the meeting of: 7/12/2022

File #: 22-877

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:

Ratification of Separation Agreement with Auditor-Controller Karen Paz Dominguez, Ratification of the Tolling Agreement with the City of Eureka and Confirm the Appointment of Cheryl Dillingham as Interim Auditor-Controller

RECOMMENDATION(S):

That the Board of Supervisors:

1. Ratify the Separation Agreement with Auditor-Controller Karen Paz Dominguez;
2. Ratify the Tolling Agreement with the City of Eureka; and
3. Confirm the appointment of Cheryl Dillingham as Interim Auditor-Controller effective July 1, 2022.

SOURCE OF FUNDING:

General Fund and Liability Fund

DISCUSSION:

On June 28, 2022, your Board authorized the County Administrative Officer (CAO) to execute the final separation agreement with direction to return to the Board at the next available meeting to ratify. Notable terms of the separation agreement include:

- Agreement of Ms. Paz Dominguez to facilitate a smooth transition and cooperate with any appointed Auditor-Controller who succeeds her through Jan. 2, 2023.
- Compensation paid to Ms. Paz Dominguez in the amount of \$92,368.32, comprised of her salary through Jan. 2, 2023, payments in lieu of insurance benefits, and a flat amount of \$15,000.
- The county will pay for reasonable attorney fees she incurred related to the State of California's case (CV 2200584) against Ms. Paz Dominguez and fees of \$13,254.85 she incurred with respect to Humboldt Superior Court Case CV 2001430.
- The county will dismiss its cross complaint against Ms. Paz Dominguez in the above-referenced State of California case, and will defend and indemnify her in the case.

- Should the City of Eureka sue the county and Ms. Paz Dominguez for failure to distribute when due property taxes for Fiscal Year 2021-22, the county will defend and indemnify her in that suit, and any other suit against her arising in the course and scope of her service. As it relates to this matter, the county is poised to execute a tolling agreement with the anticipation of avoiding litigation.

In addition, the Board has approved appointment of Cheryl Dillingham as Interim Auditor-Controller effective upon resignation with formal appointment to be confirmed by the Board at the next available meeting. On June 30, 2022, Ms. Paz Dominguez signed the separation agreement.

Finally, the Board authorized the County Administrative Officer to execute a tolling agreement with the City of Eureka to avoid further litigation with direction to ratify the agreement on July 12, 2022. This agreement will memorialize the county's obligation to tender \$4,506,348.41 within 30 days of execution to the City of Eureka for outstanding property tax revenues owed to the city. It further allows for a reconciliation to occur as promptly as the county is able to do so to shore up any remaining balances. This tolling agreement will allow the city and the county to avoid further uncertainties of litigation.

Accordingly, before your Board today is the staff recommendations necessary to effectuate your Board's order as reported on June 28, 2022.

Finally, Tabatha Miller will serve as Interim Assistant Auditor-Controller effective immediately. Ms. Miller currently serves as the Assistant CAO/Chief Financial Officer (CFO). Ms. Miller is a Certified Public Accountant, has served as the City Manager for Fort Bragg and has excelled in her role as Assistant CAO/CFO. The partnership of Ms. Miller and Ms. Dillingham during the transitions in the Auditor-Controller's Office will provide for a cohesive and collaborative approach to stabilizing the county's financial position. While no formal personnel action is needed to effectuate this change, the item before your Board today recognizes the designation of Ms. Miller as Interim Assistant Auditor-Controller.

FINANCIAL IMPACT:

The separation agreement includes payment terms of \$92,368.32 in wages and benefits and \$13,254.85 as reimbursement for previously incurred attorney's fees associated with Humboldt County Superior Court Case No CV2200584. The former will be paid through the Auditor-Controller's budget 1100-111 as Salary and Benefits, the latter will be an expense incurred by the Liability Fund 3524. The Liability Fund includes appropriates for such expenditures in fiscal year (FY) 2022-23. If this unanticipated expenditure in the Auditor-Controller budget causes salaries to be over expended in FY 2022-23, that overage will be cleared at the end of the fiscal year through payroll clearings.

The tolling agreement allows for a payment to the city of Eureka in the amount of \$4,506,348.41. The county acts as a pass-through agency for these funds and there will not a budgetary impact.

STRATEGIC FRAMEWORK:

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This action supports your Board's Strategic Framework by managing our resources to ensure sustainability of services .

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

At Board discretion

ATTACHMENTS:

Separation Agreement

Tolling Agreement

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A