

## Desert Sun

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### Severance deal called 'malarky'

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Hanson's pact with Desert Hot Springs unusual, says head of city manager group

By Nelsy Rodriguez

The Desert Sun

The severance pay deal that pushed Desert Hot Springs City Manager Jerry Hanson's 2004 reported income to \$322,000 is unlike any other city manager deal in the Coachella Valley and didn't "pass the smell test" for the leader of the state's city managers group.

"That's a new one to me," said Bill Garrett, executive director of the California City Manager's Foundation, which is comprised of about 220 city managers in the state. Garrett, who served for eight years in El Cajon and six in Corona as city manager, said "I'm not familiar with any other similar situation where a city manager is paid his severance pay before he's fired.

"Sounds like he has a good contract," said Garrett, but it doesn't "pass the smell test." Garrett said a severance package that is paid out to an employee who has not been terminated is "malarkey."

The amount, some say, also seems large when the city's recent bankruptcy and low median income and hotel occupancy tax rates are considered. Desert Hot Springs has the lowest hotel tax revenues in the valley - about \$760,000 a year.

Earlier this week, Hanson's private W2 tax form was leaked to the media. The Desert Sun does not have a copy of the W2, but Hanson confirmed that it showed \$322,809 in total 2004 earnings, \$106,000 of which is half a severance pay-out, even though Hanson is not being fired or leaving the city of his own accord.

And, a review of the eight other city manager contracts in the Coachella Valley revealed that no other city manager has such a severance payout clause in his contract.

Many on the City Council, the city attorney and the mayor of Desert Hot Springs didn't return calls requesting comment on the severance payout.

Income broken down

Hanson Wednesday issued a statement saying the leaked W2 showed he earned \$322,809 in 2004, with a base pay of about \$132,000.

Hanson explained the higher sum by saying he cashed in about 700 hours of vacation time and also received half of a severance package that came to \$106,000.

The entire package is worth \$220,000 and is due him whether he is fired or decides to leave the city himself, Hanson and city council members said.

"I've done more than an exceptional job for Desert Hot Springs," said Hanson, who in addition to being the city manager is also the director of redevelopment and city engineer. "Everything I've done is on my contract."