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### City manager scrutinized over land buy Hanson may have engaged in conflict of interest in road work vote

**Brian Joseph and Nelsy Rodriguez**  
The Desert Sun  
April 16, 2005

Two months ago, Desert Hot Springs City Manager Jerry Hanson recommended the City Council approve a proposed housing project provided the developer pay \$600,000 for street improvements to Pierson Boulevard, a major east-west drag cutting through the heart of the city.

In his dual role as city engineer and city manager, Hanson was the Desert Hot Springs' representative in the development negotiations with the Newport Beach developer, First West-DHS Associates LLC.

On Hanson's recommendation, the council on Feb. 1 unanimously approved StoneRidge, a project to build more than 2,000 much-needed, high-end homes for the city's property tax base, thereby boosting the city's coffers.

In addition to street improvements, which consist mainly of re-paving Pierson from roughly Worsley Road to Indian Avenue, the project will bring a fire station and five-acre park on Karen Avenue north of Pierson under the terms of the council's approval.

During two meetings at which the council voted on StoneRidge, the city manager didn't mention he owns 9.56 acres along Pierson - although he did disclose it months earlier in statement of economic interests filed at the city. Two of the five City Council members say they didn't know Hanson had land affected by the council's vote, two others said they did know, but none said they would have changed their decision had they known.

California law states that it's a conflict of interest for government officials to influence street improvement decisions that could benefit their own land. Hanson's property, which is 40 feet off of Pierson, would benefit from improved roads.

The ethics code of a global city managers association states that such land ownership should be avoided.



Wade Byars, The Desert Sun

Three hundred thirty-two feet from the vacant lot in foreground are two lots owned by Desert Hot Springs City Manager Jerry Hanson near the intersection of Western Avenue and Pierson Boulevard in Desert Hot Springs.

#### SUMMARY

**WHAT HAPPENED?** Desert Hot Springs City Manager Jerry Hanson recommended the City Council approve a housing project, provided the developer pay for \$600,000 worth of street improvements to Pierson Boulevard. Hanson bought land along Pierson Boulevard about seven months before the vote.

**WHAT DOES IT MEAN?** Officials with the California Fair Political Practices Commission say such a scenario could be against state law, carrying with it a fine of up to \$5,000. An ethics advisor for a city manager association says such a situation has the appearance of conflict of interest.

**WHO KNEW?** Hanson disclosed his land ownership in his Form 700, a statement of economic interests filed annually by city officials. He did not mention it during the vote. At least two council members say they knew about the property.

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"To the degree that the street improvements" benefited Hanson's land "he has the appearance of a conflict of interest if not a conflict of interest" in fact, said Martha Perego, ethics adviser for the International City/County Management Association.

Officials with California's Fair Political Practices Commission declined to comment on specific circumstances, as is their policy. But a spokesman said, hypothetically, a scenario in which a city manager negotiated on behalf of a city to bring improvements to a road while owning property on that road could be a violation of state law.

"You can't use your official position to influence your financial interests," said Theis Finlev, commission spokesman.

The penalty could be a fine up to \$5,000, he said.

The exact benefit Hanson might reap from the city improvements is yet to be determined.

Hanson defended owning the property, saying he has as much right as anyone to purchase land.

"I try to get the best thing I can for the city of Desert Hot Springs" as city manager, Hanson said.

Hanson said he noted the land ownership on his Form 700, a statement of economic interests filed annually by city officials. The form was filed with the city June 24.

While normally city officials would state publicly before voting or dealing with an issue that they have a personal interest and have either been cleared of conflict by the city attorney or are abstaining from participating in said discussion, Hanson said he thought disclosing the ownership on his Form 700 was enough. That's why he didn't mention it at the council meeting, he said.

"I invest in my community, just like anyone would," Hanson said.

### **Allegations and memos**

The attorney for former Desert Hot Springs Police Chief Roy Hill, who Hanson fired last month, claims Hill was pushed out for notifying law enforcement authorities about what Hill believed were questionable acts by city officials.

Among attorney Robert Aaronson's claims is that Hill uncovered individuals in city hall using their official positions to gain personal profit in land deals.

In interviews with The Desert Sun, Aaronson declined to elaborate on the evidence or what land deals were involved for fear of jeopardizing investigations. He would not say whether Hanson was the official to whom Hill was referring.

The Desert Sun has been unable to confirm the existence of any investigations by the FBI or Riverside County District Attorney's office. Sources at both agencies have refused to comment.

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