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What is Hanson worth?

Desert Hot Springs defends spending; expert calls deal 'unusual,' while some taxpayers say it's too much money

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Desert Hot Springs paid its embattled city manager for an extra 34 weeks in 2004 - the same year it settled a crippling \$10.85 million bankruptcy.

According to documents obtained by The Desert Sun, City Manager Jerry Hanson in 2004 earned:

A \$600 monthly car allowance;

A monthly allowance of 200 gallons of premium gasoline;

At least 800 hours of vacation and sick time;

Three raises that boosted his salary by 6 percent;

\$92,000 from a severance package he collected while still working for the city; and

\$1,067.85 for his birthday. That day he was paid for nine hours at \$118.65 an hour vs. his average hourly rate in 2004 of \$76.68.

He also was paid for 1,354.15 hours beyond what he worked for the city as part of his compensation package. Assuming a 40-hour work week, that equals nearly 34 weeks.

All told, Hanson earned \$322,809.33 last year - and that does not include car allowance, gas, or the city's purchase of five extra years for him in the California Public Employees Retirement System.

City officials says Hanson was worth every dollar and benefit he received because for 20 months, he guided the city through its three-year bankruptcy. They also note Hanson didn't do anything wrong: Everything he earned is outlined in his contracts approved in public meetings.

But how the compensation was structured by council is raising questions among some residents.

JERRY HANSON

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"I think he's a smart man. Honestly, I don't fault him. Jerry did what's best for Jerry," said Dale Evenson, 50, a public employee himself and 26-year Desert Hot Springs resident.

"I'm disappointed in the council. They really didn't fulfill their fiduciary responsibility."

Since March, when city leaders confirmed the \$322,809 figure on Hanson's W2 after it was leaked to reporters, questions about his salary have dogged him and the city:

How did he make so much and why? And how do you justify the expense for a 17,000-person city just months removed from bankruptcy?

A Desert Sun review of Hanson's 2004 compensation - which took more than three months to complete - outlines specifically what Hanson received in earnings. It also includes 297 more hours of vacation and sick time than previously reported in March.

The Desert Sun's review found a complicated collection of clauses, contracts and policies that actually granted Hanson more than double his base salary of \$125,000.

Attempts to reach Hanson and city spokeswoman Teresa Thompson by telephone and fax were unsuccessful Friday and Saturday.

In an e-mail Saturday night, Corky Larson - the city's attorney and interim city manager starting Aug. 1 when Hanson steps down - said she would not discuss details.

"I try not to comment on anything unless directed to do (so) by the council," Larson said.

Hanson defends salary

In a June 8 interview with The Desert Sun, Hanson said, "I don't come from a family of wealth, but I've done a lot to get where I am.

"If those persons feel their tax dollars are being spent irresponsibly, they should take it up at the ballots and vote" in new people.

Norm Roberts, a Palm Desert recruiting specialist who has netted some 4,000 executives since 1969, described Hanson's total compensation package as "a bit unusual."

While it is common to negotiate perks like a car allowance and health insurance, Roberts said it's less common to see a car allowance in addition to gas reimbursements or to see someone get their severance package when they voluntarily leave.

"He got an exceptionally good deal," said Roberts, hired by the Palm Springs Desert Resorts Convention and Visitors Authority to find a new president.

"City councils can negotiate any contract that they want to negotiate. The only constraint they have is the citizens' review of it."

Using a series of Hanson's contracts, a list of checks paid to Hanson and the city's agreement with the employees union, all obtained from the city of Desert Hot Springs, The Desert Sun found:

Hanson was paid \$89,269.34 for 1,354.15 hours beyond what he worked for the city as part of his total compensation package. That includes hours when he was on vacation and additional unused vacation or sick-time hours he cashed in.

He was also paid \$8,789.66 for cashing out unused "comp time" he accrued when he was city engineer in 2001 and 2002. He received the comp time for attending council meetings and public hearings as city engineer but doesn't receive it as city manager.

Hanson actually cashed out 997.15 hours of unused vacation and sick time in 2004 - not 700 hours, as the city originally said in March.

It takes seven documents to know how much Hanson made in 2004. The documents are the four contracts Hanson signed with the city in 2004, another two he signed in 2003 and the city's agreement with the employee's union.

Hanson received his first raise just five months after he was hired as city manager on Feb. 12, 2003, and received three more raises in 2004.

Only one raise, for 3 percent, good on every anniversary of his hire, is listed in his contracts.

The other raises - for 1 percent, 1 percent and 2 percent - are outlined in the city's Memorandum of Understanding with Desert Hot Springs Employees Union.

As city manager, Hanson is not a member of the employees union. According to his contracts, however, he is eligible for all the same salary increases as union members.

Council: We'll miss Hanson

Hanson on June 7 announced he was retiring later this year but would remain on an interim basis until a replacement was hired. Then on July 6, he moved up his departure date to Aug. 1 as media scrutiny of his pay continued to intensify.

Council members lament his loss, saying he's contributed much to Desert Hot Springs.

"I think Jerry made a ton of money, I mean he made a ton of money. But what he did was wonderful. We were close to being just a ZIP code in Riverside County," said Councilman Will Pieper, who, like other members of the five-person council, credits Hanson for pulling the city out of bankruptcy.

The Desert Sun is "reporting the same story over and over again and (the newspaper is) hounding Jerry Hanson out of a job," Pieper said. "He can't take it. I feel like you're treating us unfairly and I've got to stand up for Desert Hot Springs when I feel we're being picked on. That's my job."

Some residents, however, are not convinced he was worth the money.

"I don't know whether he really accomplished a lot for which he is being lauded," said Paul Steier, 56, a doctor who's lived in Desert Hot Springs for about five years.

"I don't believe a city of our size should be in a position to pay any one employee more than virtually any other city in the country, (and) we're talking about some affluent cities," he said.

Was council hiding details?

But Steier said what concerns him most is "the lack of transparency" at City Hall. He said the number of documents it takes to understand Hanson's pay and the public's general lack of understanding about his compensation ruins Desert Hot Springs' attempt to look like "a grown-up city ready to play with the big boys."

"Whether founded or not, it gives the appearance of covert behavior on the government," Steier said.

Evenson agreed: "Why couldn't they have a (straightforward) contract that says what he got?"