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Ex-official's pay-out to be audited

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Council to investigate whether part of leave time is an illegal 'gift of public funds'

By Nelsy Rodriguez

The Desert Sun

DESERT HOT SPRINGS - The city is auditing former City Manager Jerry Hanson's vacation and sick time before paying it out to see if it constitutes a "gift of public funds," according to a letter accompanying a city check written to Hanson for \$22,722 to cover vacation and sick time it has approved.

The check was about 400 hours light - and contained the letter from current City Manager Corky Larson informing him that the council was auditing his account.

And, Desert Hot Springs' council is going to publicly consider in September whether its approval of Hanson's final contract - which would pay him more than \$100,000 more for a consultant's contract he signed 59 days before his July 31 retirement - is valid.

On Monday, Desert Hot Springs released Hanson's final pay-out check, but the \$23,722 he received didn't include all the annual leave (vacation and sick time) rolled over through his many contracts with the city.

In a letter dated Friday, Larson told Hanson that he was paid out the remaining balance of 400 hours of annual leave time for 2004, but another 400 for 2004, a contractually rolled-over benefit that Hanson says is collected any time he signs a new contract with the city, was withheld, pending review by the California Public Employees Retirement System.

Hanson, whose 2004 W2 form was leaked to some media and later confirmed by the city, received \$322,809 from the city in 2004, including a severance package of about \$92,000, which the city paid him though he did not leave the job.

"Since PERS has found preliminary disagreement with your figures, I think you will agree that it is prudent for the City to review (audit) the figures we show," Larson wrote.

"Of particular concern is the year 2004 in which you received two separate 400-hour annual leave credits in that one year. It is possible that this could be perfectly legal and hence payable. It is also possible that this could be considered a 'gift of public funds,'" Larson wrote in the letter obtained by The Desert Sun on Monday.

The City Council, after a vote in closed session at its last meeting, is requesting an audit of all final leave figures to be paid to Hanson, Larson said in a phone interview Monday.

The California Institute for Local Government Web site states that "a city may not spend public funds to benefit a private person or business."

A "gift of public funds" is the term often used by lawmakers and officials when discussing whether public funds have been inappropriately directed for personal gain.

On July 28, The Desert Sun, after months pursuing the public documents that outlined Hanson's compensation, reported that