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Former city manager's last contract may be void

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If not, Desert Hot Springs may have to pick up \$195,000 a year in retirement that state refused

By Nelsy Rodriguez

The Desert Sun

DESERT HOT SPRINGS - Former City Manager Jerry Hanson's controversial final contract - drafted by Hanson himself - puts city taxpayers on the hook for \$195,000 a year in retirement benefits that the state says it won't cover and an additional \$15,019 a month (\$180,228 a year) for pay as a consultant even though he's not actually performing work, according to the contract and public documents obtained Friday by The Desert Sun.

If Hanson, 59, lives to the white male life expectancy of 75.4 years, that's \$3.19 million in retirement alone that Desert Hot Springs will pay.

But there's a possibility that the contract, which includes a provision stating that the city will pay any retirement benefits the state denies, wasn't passed properly and may be voided.

"Should the council adopt it, the cost of the June 7, 2005 Employment Agreement, is huge," wrote interim City Manager Corky Larson in a staff report to the council.

Larson, who assumed the interim city manager post after Hanson's July 31 retirement, has put the contract on the council's agenda for Wednesday night - and the council will have a chance to vote on it again because of a technicality in California's open meetings law.

Hanson could not be reached for comment Friday.

His Aliso Viejo attorney, Edward Kotkin, said Friday he would not comment because he had not seen the city reports.

Hanson, according to the staff report Larson filed to the council on Friday, has "threatened litigation in the event that the City does not acquiesce to Mr. Hanson's demands."

Larson's report, part of the council agenda packet for Wednesday's 6 p.m. meeting, clearly says that the majority of the City Council members did not know what they were approving when they signed Hanson's latest contract.

"First and foremost," Larson wrote, "it has come to staff's attention that the cost of the proposed Agreement - as asserted now by Mr. Hanson - is significantly more than has ever been understood or intended by the Council.

"As an example, Mr. Hanson has acknowledged that the series of contracts was an intentional effort on his part to shift (severance pay) benefits to salary in order to spike his salary for purposes of calculating his retirement benefits."

The June 7, 2005, contract was voted on in closed session by three members of the council, who unanimously approved it. Two council members were absent. The vote was reported out of public session, which is the normal procedure.