



[Northwest Austin](#)

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By Beth Wade Friday, 26 February 2010

NORTHWEST AUSTIN — [Opportunity Austin 2.0](#), the Austin Chamber of Commerce’s five-year economic development initiative, is intended to add 117,000 new jobs and increase payroll by \$10.8 billion in the five-county metro region by 2013, growing the local economy by \$30 million.

[Companies brought by Opportunity Austin 2.0 in 2009–Jan. 2010 Source: Austin Chamber of Commerce](#)

In January [Hanger Orthopaedic Group](#) announced it would relocate its corporate headquarters from Bethesda, Md. to northwest Austin by the third quarter of 2010, bringing 250 jobs. The relocation will help the program get one step closer to its goal.

Additional information:
[City of Austin Economic Growth and Redevelopment Services Office](#)
[Austin Chamber of Commerce Opportunity Austin 2.0](#)

Companies brought by Opportunity Austin 2.0 in 2009–Jan. 2010

Company name	Type	Jobs	Headquarters
Absolute Software	Security software for portable computers	60	Yes
Applied Rigaku Technologies	X-ray, research and development, manufacturing, sales and service	10	
Astrogenetix	Biotech therapeutic products development	10	Yes
Batter Blaster	Pancake in a spray can	17	Yes
CyrusOne	Data center, co-locations and implementation services	20	
Directed Manufacturing	Laser-guided machining	14	Yes
eDoorways	Business-to-consumer marketplace and information source	18	
Gowalla (Alamofire)	Icon-based games developer	10	Yes
Hanger Orthopedic Group	Orthotic and prosthetic patient care services	250	Yes
Interspire	E-commerce, e-mail marketing, content management software	24	Yes
Koalaty Products, A Current Solutions Company	Electrical stimulation (pain management) products distributor	16	Yes
LegalZoom.com Inc.	Online legal document services	600	Regional
ParentFinancial Services	Child support collections, call center	30	Yes
Red Oxygen	Portable devices applications	12	Yes
SmartSpark Energy Systems	Solar power control devices/electronics	20	Yes
True Games Interactive	Online game publisher, development studio	20	

“They are going to be a great corporate citizen,” said Dave Porter, senior vice president of economic development for the chamber. “They get active in the community. More than likely employees will come from northwest [Austin area] and live in the northwest [Austin area].”

The company will lease space in The Domain Phase II.

“Our new location ... will serve as an ideal environment for us to continue our growth and disciplined diversification strategy,” Hanger Orthopaedic Group President and CEO Tom Kirk said in a January press release.

Target industry

The Hanger deal helps Opportunity Austin 2.0 achieve one of its goals to target life science, biotechnology, convergence technologies, digital media and green or clean industry sectors.

“The whole idea behind Opportunity Austin is to diversify the economic base so that when times are tough, like they are now, we fare better than most other places, which we are doing,” Porter said.

The biotechnology company is important to Austin’s push for a medical school, said Tim Crowley, Opportunity Austin 2.0 2010 chairman.

“We are going to have a far better opportunity to do that if we already have a great deal of research and companies involved in that type of industry here in the region. That is why the bio-focus has been so important,” he said. “So little by little you are kind of cobbling together these little facets of programs that will hopefully evolve into an even greater presence in biomedical research.”

Crowley said that could bring more companies like Hanger to Austin.

Hanger Orthopaedic Group comprises four different companies that serve the orthotics and prosthetics industry. The core business, Hanger Prosthetics and Orthotics, provides patient care services to more than 650,000 patients each year at about 600 care centers nationwide. SPS provides orthotic and prosthetic materials. Innovative Neurotronics Inc. specializes in the development and commercialization of devices that use electrical stimulation to improve the functionality of an impaired extremity. Linkia provides network management and administration, industry expertise and scalability to companies in the prosthetics industry.

Reasons to move

The company first began discussions with the chamber in April 2008.

“They were on our target list,” Porter said. “Two years ago they mentioned they were two years away from possibly looking at something.”

The company already operates a research facility and has two patient care clinics in Austin, which made it a desirable spot for the company’s headquarters, Porter said.

“Typically when we get involved, they have already done their own research,” Porter said. “Like [with] Hanger, they started out with 25 cities and we weren’t even contacted on that round because with the internet, they are able to do much more research and gather so much more information about a community and location before they contact somebody like us.”

According to the press release from Hanger, the “Austin headquarters will provide ample space for future growth, improved operational efficiency and an enhanced quality of life for corporate employees.”

Incentives

The city council approved an incentives deal with Hanger Jan. 28. If the company meets the agreement’s requirements annually, the city will pay a grant of \$50,000 a year for up to 10 years.

Standards include bringing a minimum of 133 jobs within five years. The agreement will continue for five more years if Hanger adds a total of 250 jobs.

“I think we did not offer the most competitive incentive package, so to say it was based off of incentives is not the case, but it helped,” Porter said. “They were already sold on the quality of life. That’s why it came down to three locations. All three offered a similar quality of life, but I think their interest in exploring partnerships with [the University of Texas] and the [availability of] work force kind of put us over.”

The State of Texas’ Texas Enterprise Fund also approved \$1.5 million in incentives.

Opportunity to grow

Despite setbacks, including the loss of 2,300 jobs in the region from 2008 to 2009, Porter said he is optimistic Opportunity Austin 2.0 will reach its goal.

“That means we have to have 120,000 jobs by 2013,” he said. “So we are down, but Austin has fared much better. It is one of the top five metro areas in the country for job growth. Our percentage rate of jobs lost is lower than most other cities.”

Economic Development Matrix				
Overall economic and fiscal impact The city determines the economic and fiscal benefits by measuring the number of jobs and incomes, level of public benefits and the city’s fiscal impact. (30 points) 30	Links to the local economy This determines if the business is: - a target industry - a headquarters relocation - growing and uses underutilized assets - filling a hole in the economic base - using local businesses and competition for resources. (25 points) 25	Infrastructure impact This determines if the business will exceed demand on the community’s infrastructure. (10 points) 10	Character of jobs and labor force This considers: - if jobs will be filled locally - the average and median wage - how wages compare locally and nationally - options for training and advancement, diversity in hiring and promotions, and additional education funds. (25 points) 25	Quality of life This considers if the firm has a cultural outreach program or encourages employees to volunteer. (10 points) 10

[Austin economic development proposal process — Before the city considers offering an incentives agreement, the project must meet certain requirements. The project must be located within the Desired Development Zone and adhere to the city’s water quality regulations. If these two requirements are met, the city uses an economic development matrix that grades companies on a 100-point scale that assess the business in five categories. The company must earn at least a 60 out of 100 points to be considered for incentives. Hanger scored an 85. Source: Brian Gildea, City of Austin economic development manager; City of Austin, \[www.ci.austin.tx.us\]\(http://www.ci.austin.tx.us\)](#)

WebLOCI fiscal impact analysis

More than 300 chambers and local governments across America use the WebLOCI fiscal impact analysis to determine the fiscal impact of an economic development agreement. The web tool was developed in 1999 by the Georgia Institute of Technology.

Hanger’s economic impact:

- City’s total benefit: \$5.97 million
- City’s total expense: \$5.1 million*
- Total net gain: \$878,000

*The city’s total expense estimates for police and fire protection, related road improvements, schools, the incentives agreement and other expenses the city could incur as a result of the relocation.

Based on a cost-benefit analysis, an incentives package is put together and sent to city council for final approval.

Hanger Orthopaedic Group’s agreement

The company could receive an incentives grant up to \$500,000 if yearly requirements are met. Hanger is responsible for providing yearly progress reports.

The company must:

- Relocate corporate headquarters
- Invest \$6.74 million in leasehold improvements, machinery, equipment, furniture and fixtures
- Create and maintain 133 jobs for five years
- Create and maintain a minimum of 250 jobs for years Six–10 to continue the agreement
- Retain current 19 jobs at Innovative Neurotronics Austin location
- Work with local minority chambers of commerce for diverse employment recruitment
- Develop a supplier diversity policy
- Comply with the standards and principles of the city’s ordinance for minority-owned and women-owned business enterprises in the design and construction of its facilities
- Comply with all city code regulations, including applicable water quality regulations

If during the course of any year the company does not meet the requirements, the company will not be paid for that year.

Courtesy of JB Goodwin