

AGENDA



Thursday, January 28, 2010

**Public Hearings and Possible Actions
RECOMMENDATION FOR COUNCIL ACTION****Item No. 43**

Subject: Conduct a public hearing and consider an ordinance creating an economic development program for and authorizing the negotiation and execution of an Economic Development Agreement with HANGER ORTHOPEDIC GROUP, INC.

Fiscal Note: There is no unanticipated financial impact. A fiscal note is not required.

For More Information: Rodney Gonzales, Deputy Director, EGRSO / 974-2313; Gregory Miller, Attorney, Legal / 974-6032

The Economic Growth and Redevelopment Services Office (EGRSO) recommends approval of the proposed ordinance, which creates an economic development program and authorizes negotiation and execution of an economic development agreement with Hanger Orthopedic Group, Inc. (Hanger). Under the proposal, Hanger will make \$2,114,252 in leasehold improvements to its facilities in the City's Desired Development Zone, purchase at least \$1,691,401 worth of machinery and equipment to be used at its Austin facilities, purchase at least \$2,938,682 worth of furniture, fixture, and equipment to be used at its Austin facilities, create at least 133 jobs within one year, and create a minimum of at least 250 jobs within five years. For each year that the City and an independent third-party verifies that Hanger has performed according to the terms of the agreement, the City will provide an annual economic development grant to Hanger of \$50,000, for a period of 10 years. The total estimated amount of annual economic development grants during the agreement over a 10-year period is \$500,000.

Hanger qualifies for the proposed economic development agreement program and economic development agreement under the criteria set forth in the Firm Based Incentive Matrix, which Council approved by Resolution No. 041028-3. EGRSO estimates that the City's grant of \$500,000 will result in a net benefit to the City of \$877,580. This estimate is based on an analysis made with the use of WebLOCI fiscal impact software.