

Colorado Incentive Package Brings 500 New Aerospace Jobs To Lockheed Martin

By Laura Keeney The Denver Post Posted: 10/29/2014

Lockheed Martin is pledging to create as many as 500 new high-paying aerospace jobs in Colorado over eight years in exchange for up to \$15.5 million in [state job-growth tax incentives](#).

The jobs, which carry an average annual salary of \$113,000, are part of [Lockheed's Commercial Space division](#), which moved to the company's Waterton Canyon campus in Jefferson County from Pennsylvania this year. The company is set to open a new commercial space operations center there Wednesday.

The Commercial Space division builds and manages Lockheed's commercial A2100 communications satellites and LM900 imaging satellites used for cellphones, TV and planetary imaging. Additionally, the new operations center has the capability to serve as mission control for up to 50 orbiting satellites.

"We're going to be doing hiring for positions that will support ongoing programs or new programs as we win them, so the incentive will help us as we look to build our workforce to meet the needs of the future," said division head Mike Hamel.

Bringing the commercial work to the same campus that also houses Lockheed's military space and civil interplanetary exploration missions — such as the [NASA Mars MAVEN mission](#) and the [NOAA GOES-R weather satellite](#) — allows Lockheed to cross-utilize its workforce for design, manufacturing and testing. That "one-stop shop" capability, along with the cost savings provided by the credits, gives the company and the state a competitive advantage when bidding on jobs, Hamel said.

"Our ability to compete against both U.S. manufacturers, as well as international manufacturers, depends on very short schedules and very price-competitive satellite development," Hamel said. "The more we can do to attract a high-quality, highly skilled workforce and to be very competitive from a price standpoint, is going to be critical."

The incentive package was approved in September by the Colorado Office of Economic Development under the cloaked name of "[Project Blue](#)." The secrecy was necessary while the company considered offers from other states, but Colorado won in the end, said Colorado OED director Ken Lund. "We find in most industries that Colorado is very competitive from a cost standpoint, and we have a very highly educated workforce here," Lund said. "Companies are always monetizing the cost of doing business, and this incentive is going to moderate the cost of doing business."



An artist's rendering of the Jabiru-1, a Lockheed Martin A2100-based satellite being built for Australia. Lockheed Martin's new operations center has the capability to serve as mission control for up to 50 orbiting satellites. (Lockheed Martin)

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The [Job Growth Incentive Tax Credit](#) is one of several OED programs designed to entice businesses to commit to Colorado. The credit is equal to 50 percent of the company's 7.65 percent Federal Insurance Contributions Act tax on net job growth each year.

For example, 50 percent of the company's FICA tax on a job salaried at \$100,000 would translate to a \$3,825 credit for Lockheed. In contrast, the state receives 4.6 percent income tax on employee wages — in this example, that would be about \$4,600 — which means the state still comes out ahead.

However, unlike many other states, Colorado requires the jobs to be created, hired and retained for one year before any tax credits are issued. This provides incentive to get the jobs in place quickly, Lund said.

"It means they have to do what they say they're going to do before they can claim the credit," Lund said. "So unless they hire all the jobs on Day One, the credit goes down."

Colorado currently ranks first in the nation for private-sector aerospace employment, according to data from the Jefferson County Economic Development Council. There are about 6,000 people employed at the 42 aerospace companies headquartered in Jefferson County. About 12 of those companies — including [Reaction Systems](#) in Golden and [Barber-Nichols](#) in Arvada — provide support to the larger industrial complex.

"Lockheed's growth really promotes Jefferson County from a supply chain perspective," said Tom Livingston of the EDC. "Those companies are obviously here for a reason." About 350 commercial space jobs moved to Jefferson County during the summer after Lockheed consolidated and moved the division from Newtown, Pa.



Douglas Ray, left, and David Welch assemble a one-tenth scale model of the A2100 satellite in the lobby of the Lockheed headquarters. (Cyrus McCrimmon, The Denver Post)