Businesses Successfully Working in a Rural Economic Development Zone

By
Hugh Bettendorf

This paper will provide information about Economic Development Zones (EDZ) located in Florida to allow business owners to understand these programs. Business leaders would then be able to make informed decisions about the merits of these programs and decide whether it makes sense for them to relocate their businesses to Florida’s Economic Development Zones.

The basic purpose in creating an EDZ through local, state, and federal government agencies is to reduce unemployment in depressed areas of the United States. This goal is accomplished by attracting businesses to create jobs and make capital investments in these areas. Different levels of government offer incentives to companies for relocating or expanding their businesses by creating Economic Development Zones.

The zones are also called Empowerment, Promise, Enterprise and Opportunity Zones as well. The incentives for relocating, expanding, or starting a business in an EDZ can be lucrative since they include tax breaks, grants, and free training programs (Cooper, 2009).

This case study examined three businesses that are located in an EDZ to find out why they have achieved success and what factors contributed to this success. Looking at two similar companies and one dissimilar company allows for the comparison of factors that are unique to a business and location or can be generalized for all business. The results of this Research Case Study have the potential to help a business owner to better understand the programs and the incentives available within an EDZ, which could help that business succeed.

Keywords: Rural Enterprise Zone, Enterprise Zone, Economic Development District, Economic Development Strategy, Housing and Urban Development, Rural Development, Smart Rural Development, Rural Incubator, Empowerment Zone, Enterprise community, Entrepreneur, and Promise Zone.
Introduction

Economic Development Zones, created by the government to reduce unemployment in depressed areas, are not well understood by most businesses and, as a result, as a result, businesses often ignore the benefits EDZs offer. This paper examines business leaders who have achieved success working in an EDZ. The reader would then be able to make informed decisions about the merits of these programs and decide whether it makes economic sense for them to relocate their businesses to one of Florida’s Economic Development Zones.

This goal of these programs is accomplished by attracting businesses to create jobs and make capital investments in these areas. Different levels of government offer incentives to companies for relocating or expanding their businesses by creating EDZs. These EDZ are sometimes called Economic, Empowerment, Promise, and Enterprise Zones. The incentives for relocating, expanding, or starting a business in an EDZ can be lucrative since they include tax breaks, grants, and free training programs (Cooper, 2009). Businesses look for every opportunity to reduce their operating expenses by controlling the cost of goods and services. Through incentives and tax breaks, a business could reduce its yearly operating costs, making business more competitive and able to withstand fluctuations in the economy. A company’s goal is to reduce its overhead, and the government goal is to reduce employment, which should be mutually supportive, yet this is not always the case. In Florida, these development programs have underperformed in job creation, and the state legislature decided to terminate the Enterprise Zone program (Collins-Gomez, 2017). It seems companies are not taking full advantage of federal and state economic development programs.

From prior research conducted during a literature review, learned there is very little information about these programs beyond government webpages. With the rapid turnover of programs due to the political election cycle, there is little current information on development programs. Therefore, these business programs will not be completely successful long-term unless there is a uniform policy or a consultant group dedicated to helping companies maneuver through federal, state, and local programs (Clement, 2016).

One of the challenges in starting operations in an EDZ is the identification of the different stakeholders for federal, state, and local programs. The lines of communication and the delineation of responsibilities between the federal, state, and local development councils can be very confusing. For example, the Southwest Florida Regional Planning Council (SWFRPC) is responsible for determining the level of support required to meet the goals of the Federal Government Promise Zone, and then the SWFRPC requests support from Housing and Urban Development. HUD, in turn, coordinates with 12 other federal agencies to support the Promise Zone (SWFRPC, 2016). In order to navigate between the different programs, a company needs to understand how support flows down to the local agencies. In some cases, local governments will work together to support economic development benefits for the collective good of the communities. The Heartland counties of Florida worked together to create a Foreign Trade Zone that has positively impacted all the counties (FHREDI, 2018). On the other hand, there is competition between development agencies to entice companies and industries to a particular zone away from rival economic development zones (Manning, 2016). In addition, rural areas regularly lose out to urban areas for economic development money. Grant money that supports development programs tends to flow to larger urban populations with greater influence (Mcintire, 2016). Companies need to understand cooperation and competition in order to navigate programs and any associated constraints.

Given the above, it may not be surprising that these rural economic development programs have not achieved meaningful success, since rural areas have not been able to compete with more urban areas for jobs (Mcintire, 2016). The federal government recently created the Southwest Florida Promise Zone to focus on improving the quality of life and opportunities in this part of Florida, which is marked with a high unemployment rate of 15.65 percent (Secretary, 2016). Job creation is the government’s metric for success. Companies need to keep job creation in mind when creating a business plan for operations in an EDZ.

Most of the help from within the federal government is geared to local governments and development agencies. Support for businesses is possible with grants offered through 12 different federal agencies involved in the Promise Zone (SWFRPC, 2017). Federal grants change each year during the budgeting process; therefore, benefits to businesses vary. This makes it difficult for agencies to forecast the amount of grant money available, which in turn limits their ability to plan how to spend those grants. An important consideration for a business moving

Economic Development Zones are not well understood by most businesses and, as a result, as a result, businesses often ignore the benefits EDZs offer.
Methodology
To complete this study, a literature review was conducted to collect data from different sources in order to provide the theoretical and empirical backdrop to guide in answering the research question. The literature review focused at first on a word search using the University of South Florida Online Library and the Cornell University Online Library for the following search terms:
For most of these results, there were several thousand responses from sources worldwide. For example, the keyword search for Economic Development District had over 24,876 hits, the keyword search for Economic Development Strategy had 68,778 hits, and the term Enterprise Zone had 62,805 hits. To focus the literature review, the decision was made to limit the search parameters to United States-specific programs and for literature published after 1990. Lastly, government webpages that dealt specifically with economic development programs was reviewed: www.USA.gov, Enterprise Florida at www.enterpriseflorida.com, U.S. Economic Development Administration at www.eda.gov, Small Business Administration HUB Zone at www.sba.gov, Florida Department of Economic Development at www.floridajobs.org. These websites explained different programs available and reported on potential services offered.
The guidelines for the case study require finding businesses that meet the definition of successful businesses located in an EDZ. Success to a business owner is different from other EDZ stakeholders. Success for a government agency could be measured in the number of jobs created and the expanding of tax revenue (DiGiacomo, 2018b). For the business owner, it is measured by enhanced profits through lower cost, which increases their competitive advantage. Tied to this is the lower risk derived from a lower break-even point. Some examples might include availability of skilled work forces, infrastructure, or business climate. Essentially, this study examined the different variables that affect the success of businesses in an EDZ.
From research conducted earlier in the literature review, was able to identify businesses operating at the Sebring Multimodal Logistics Intermodal Center and the Immokalee Promise Zone. These two potential areas for successful business operations are located in a rural part of central Florida.

The Sebring Multimodal Logistics Intermodal Center is located at Sebring Regional Airport in Highland County and the Immokalee Promise Zone is located at the Immokalee Regional Airport in Collier County. Both facilities are located in an EDZ, and they have free trade zone status. Immokalee is also located in the Federal Promise Zone. Refer to Table 1 for a comparisons of the these two locations (County, 2016) (Willingham, 2017).

Table 1 General Airport Data (AirNav, 2018)

<table>
<thead>
<tr>
<th></th>
<th>Sebring</th>
<th>Immokalee</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAA</td>
<td>SEF</td>
<td>IMM</td>
</tr>
<tr>
<td>Owner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acres</td>
<td>1,768</td>
<td>1,330</td>
</tr>
<tr>
<td>Runway</td>
<td>5234 ft</td>
<td>5000 ft</td>
</tr>
<tr>
<td>Daily Flights</td>
<td>282 avg</td>
<td>100 avg</td>
</tr>
<tr>
<td>Elev</td>
<td>61.6 ft</td>
<td>37.1 ft</td>
</tr>
</tbody>
</table>

The major difference between the two locations is that Sebring has closer access to CSX rail lines and several ports facilities, while Immokalee has closer access to the interstate via state highway. Refer to Figure 1 (next page) for the general location of these two airfields (FHREDI, 2018).

Table 2 Industry Types

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sebring</th>
<th>Immokalee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation</td>
<td>55%</td>
<td>40%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Motorsport</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Distribution</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>Services</td>
<td>7%</td>
<td>10%</td>
</tr>
</tbody>
</table>

The types of businesses located in these two locations are very similar as well, making for a competitive analysis refer to Table 2. Refer to Figure 2, which is a visualization of specific industries and how they shape the business landscape. Introduction were arranged through the respective EDZ agencies to find out if the businesses would be interested in participating in this research. For Sebring it was Meghan DiGiacomo, Business Development Manager of the Highland Economic Council, who recommended J.B. Aviation Engine as a company to interview. (DiGiacomo, 2018c). For Immokalee Margaret Wuerstle, the Executive Director of the Southwest Florida Regional Planning Council (Wuerstle, 2018), who in turn introduced Jennifer Pellechio, CEO of the Florida
The process used for the interviews was as follows:

- Explain the purpose of the research and the research question being examined, which was “What factors are necessary for a business to achieve success in an Economic Development Zone?”
- Ask if they wished to participate in the survey and answer questions.
- Conduct interview with the expert.
- Conclude with asking to follow up in the future.

The first step was to analyze two companies in the same industry to determine what factors made their businesses operate successfully in an EDZ. This was accomplished by conducting interviews with the leadership of the selected businesses about their experiences working in an EDZ. The next step was to find another successful business located in an EDZ that was different from the first and to identify what that business owner thought made his business successful. Once interviews were completed, they were analyzed on how the factors compared and contrasted, and identified which factors were based on geography or were EDZ specific. Looking at two similar companies and one dissimilar company allowed for the comparison of factors that are unique to a business and location or can be generalized for all business. The results of this research case study have the potential to help businesses to better understand what programs and incentives from being located within and EDZ have contributed to their company success.
to an EDZ is the impact of the educational level of potential employees in rural areas. The availability of a work force with skills aligned with a company’s requirements is a critical factor for success (Collins-Gomez, 2017). Companies will have to identify the required skills needed from the available work force and allocate additional resources for workforce training that may not be common practice for company operations in other areas. The state is well aware of the issue and addressed it through two separate training assistance programs, which are the Incumbent Worker Training Program and the Quick Response Training Grant Program (Proctor, 2017a), but the effectiveness of these programs is questionable due to limited available research.

This case study examined three business located in an EDZ to find out why they have achieved success and what factors contributed to this success. Two of the companies were in the same industry and one was from a different industry. All three companies were interviewed to identify factors that contributed to their success. Looking at two similar companies and one dissimilar company allowed for the comparison of factors that are unique to a business and location or can be generalized for all business. The results of this research case study have the potential to help a business owner to better understand what programs and incentives from being located within an EDZ could help that business succeed.

The Selected Industries

As stated earlier, two companies similar by industry were analyzed for the factors that made them operate successfully in the EDZ. The first industry selected was the aircraft maintenance, repair, and overhaul industry NAICS: 336412 for Aircraft engine and engine parts manufacturing. As mentioned earlier, the first business interview was in this industry. Since aviation represented 55% of the tenants at Sebring and 40% at Immokalee, logically it made sense to find another business a similar industry. The second industry selected was a green coffee bean roasting industry NAICS: 311920 for Coffee and Tea Manufacturing (NAICS, 2017). This business was found through business working with the Florida Culinary Accelerator @ Immokalee.

Aircraft Maintenance and Repair

The aircraft maintenance, repair, and overhaul industry provides support services to aircraft operators. Such services include aircraft inspection and testing, ferrying aircraft between departure gates and taxiways, aircraft maintenance and repair, and aircraft parts overhaul (Longo, 2017). Airplane owners have to be conscious of the number of hours their planes operate. These hours are used to determine when the engine needs to be overhauled, which is Time between Engine Overhaul (TBO) using the Original Equipment Manufacturer (OEM) guidelines. The Federal Aviation Administration (FAA) will not allow the aircraft to operate beyond the OEM TBO (Bush, 2014). Additionally, companies that engage in repairs of aircraft are highly regulated and require highly trained maintainers. Increased completion time has driven down profits with an estimated profit of only 7.9% in 2017. The industry is regionally focused and made up of small businesses. There is a high overhead for tools and other upfront costs, which limits new players (Longo, 2017).

Coffee

Coffee is manufactured by roasting green coffee beans. The art of roasting is what gives coffee its characteristic color, smell, flavor, and density. Coffee drinkers are increasingly demanding specialized, high-quality coffee products (Stivaros, 2017). Coffee has to be made from green coffee beans within 12 months after being picked to ensure a quality product. After 12 months, the coffee cannot be sold as a premium roast (Fassbender, 2018b). The estimated profit for a U.S. coffee roaster was only 2.6% for 2017. The coffee industry has high barriers to begin production as business compete over quality green coffee beans and customer loyalty. Similar to other agriculture commodities, bean prices are volatile between one season and the next (Stivaros, 2017).

For both of these industries, profit margins are tight, which makes it difficult for new companies to enter the field. Companies that work in the aircraft maintenance, repair, and overhaul industry or coffee manufacturing have to be conscious of their operating overhead to allow for competitive pricing of services. If they cannot control their prices for goods and services, they will lose customers to a competitor.

The Cases

J.B. Aircraft Engine

J.B. Aircraft Engine is a privately-held company, founded by James Brod, Sr. in 1985 (Sunbiz.org). It operates in concert with Carter Aircraft Inc. at the same location. It is a family-owned business located at the Sebring Multimodal Logistics Center on the airfield now run by James Brod Jr. The company has...
16 employees that support the company operations (Brod, 2018a). The company has a North American Industry Classification System 336412, which is categorized under Aircraft and Heavy Equipment Repair Services.

This company focuses on the repair and overhaul of two major engine lines: Lycoming Aircraft Engine and Continental TCM Aircraft Engine. Lycoming has been making piston engines for aircraft since 1929 and is popular in general aviation aircraft (Kraft, 2018). Continental TCM also manufactures general aviation aircraft piston engines (Service, 2009).

A customer will fly their aircraft to Sebring and taxi to J.B. Aircraft Engine shop. A limited technical inspection with the owner of the plane is completed to verify its condition. Once accepted, J.B. Aircraft Engine takes custody of the plane and moves it indoors to the hangar. The process for rebuild is straightforward as depicted in Figure 3 (Services, 2018). During the rebuild process, all components used meet Original Equipment Manufacturer (OEM) specifications and the company utilizes only approved testing procedures. The engine is then reassembled and balanced using FAA approved techniques and built to exceed factory new tolerances. After the completion of the engine rebuild it is installed back in the customer aircraft or on a portable test cell. Rebuilt engines are run through its full RPM cycle. Additional diagnostic tests are completed to ensure that the engine is running flawlessly prior to returning the engine to service (Service, 2009).

According to James Brod Jr., the advantages J.B. Aircraft Engine has in Sebring are (Brod, 2018a):

- Received a $40,000 grant from the Community Redevelopment Agency for equipment and tool upgrade.
- At lease renewal, the Sebring Airport Authority upgraded the hangar at a cost of $800,000.
- The cost of living expenses in the center of the state are much lower than being on the coast.
- There is a better quality of life without all the crowds and traffic.

**Turbo Service**

Turbo Service Incorporate was founded by Tom Stout in 2002 and headquartered in Margate, Florida as a for-profit company (Sunbiz.org, 2018). It is family-owned with 15 employees (Bartiet, 2011). The company has a test center located at Immokalee Airport that supports company operations for gas turbine engines. After repairing or rebuilding, the engines are taken from Margate to Immokalee, where they are bolted to the floor of the test center. Engines are fired up and tested to verify the repair status. Engine testing time is in accordance with the OEM test procedures (Mitchell, 2018). The building is a 1,500 square foot facility made of control room and testing area (Byrant, 2012). Exhaust is directed toward the nature preserve to the east of the airport and away from population centers (Mitchell, 2018).

The company focuses on the repair and rebuild of Pratt & Whitney (FT4) engines. The company does intermediate and depot-level repair of these engines. The engines are used by power companies for power generation. Major customers include Florida Power & Light and Duke Energy. The engines are used to generate power to supplement nuclear power plants when loads are heavy. The power generated helps to level out power requirements (Mitchell, 2018) (Council, 2012). See Figure 4 for the major services provided by Turbo Service for the FT4 (Stout, 2018).

The FT4 turbine engines were developed from the 1960 aviation engine for industrial power generation. The jet engines drive a turbine, which is then used to generate power. The FT4 can operate in both hot and cold extreme conditions (Lasnaud, 2013). This engine is capable of generating 17,000 pounds of thrust and 30 megawatts of power, which could light up to 7,000 homes (Byrant, 2012). These 5,000 pound engines require specialized equipment to move them around (Mitchell, 2018).

Since these turbine engines are basically jet engines, locations for testing are limited to airfields. Airfields available for Turbo Services were in Immokalee and Boca Raton (Mitchell, 2018). The company chose Immokalee to the lower cost of living and the fast
tracking of the permits by Collier County. Additionally, Turbo Services partner with the Airport Authority and the Economic Development Council to help build the facility (Walker, 2011).

Turbo Services saw the following advantage in building the test center at Immokalee (Walker, 2011):

- Fast track permitting by Collier County for the construction of the test facility.
- Direct help from the staff at Airport Authority and Economic Development Corporation.
- Reasonable operating cost as compared to other locations in southern Florida.
- Proximity to highway to move engines for testing.

**Guadalupe Roastery**

This company was founded in 2015 by Brad Fassbender and is a privately-held company registered in Florida (Sunbiz.org, 2018). The company wanted to have a direct relationship with the farmer. Additionally, they wanted to cut out the intermediary broker that buys the beans locally and resells to the United States based importer. The company wanted to focus on farmers that grow on less than 50 acres. Guadalupe Roastery started out by roasting coffee at the owner’s home. They quickly developed a quality product and by 2016 started selling coffee at local Ave Maria, Florida coffee shops. They were able to expand to farmers’ markets in Southwest Florida and finally to selling online. The company recently expanded to New York, where a business owner brews coffee in their coffee houses (Fassbender, 2018a).

Beans are purchased and shipped from Nicaragua to the Port of Everglades, Fort Lauderdale via ocean carrier. The company found that shipping to this port was five cents cheaper per pound than other east coast ports. From Fort Lauderdale, beans are shipped to the company warehouse in Immokalee.

At the Immokalee facility, the company has two roasters to process the beans into coffee. The transformation of green beans to coffee bean is a simple process, refer to Figure 5 (Bettendorf, 2018). Roasting the green beans takes only 15 minutes and the company can get 100 pounds of roasted coffee an hour (Fassbender, 2018b).

The company also wants to expand its product line by offering coffee from Uganda and developing a that is an after-dinner treat made from orange peels to settle a person’s stomach that is currently used in Columbia (Fassbender, 2018a).

When it was time to expand the business, Brad Fassbender chose Immokalee for the following reasons (Fassbender, 2018a):

- Low cost to rent facilities and lower overhead.
- Availability of worker and resources in and around Immokalee.
- Ease of getting new product approval.
- Utilize the free trade zone to import future product duty free.
- Immokalee Culinary accelerator (Morris, 2018).

**Discussion**

**Labor Cost**

For any business owner, the cost of labor is a significant cost for the business. In the aviation maintenance sector, it can represent 29.4% of total cost of a business (Longo, 2017). For the third party logistics providers where labor represents 13.4% of total cost (Soshkin, 2018). For the coffee producer, it is highly dependent upon labor to roast, grind, and package the coffee. In order for companies to lower their cost of goods or services against their competitors, they have to closely manage their labor cost. All three businesses discussed in this article talked about the importance of lowering their labor costs. The Florida Department of Economic Opportunities publishes the hourly wages for over 700 occupations. Both J.B. Aircraft Engine and Turbo Services use aircraft mechanic and services technician. In 2016, the average Florida aircraft mechanic and ser-
Businesses in a Rural Economic Development Zone

Table 3 Hourly wages for Aircraft Mechanic by location

<table>
<thead>
<tr>
<th>Florida Location</th>
<th># Employees</th>
<th>Median Hourly Wage</th>
<th>Annual Wages</th>
<th>Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sebring MSA</td>
<td>20</td>
<td>$ 20.56</td>
<td>$ 42,765</td>
<td>112%</td>
</tr>
<tr>
<td>Naples-Marco Island MSA</td>
<td>NA</td>
<td>$ 18.39</td>
<td>$ 38,251</td>
<td>100%</td>
</tr>
<tr>
<td>Tampa-St. Petersburg MSA</td>
<td>720</td>
<td>$ 31.76</td>
<td>$ 66,061</td>
<td>173%</td>
</tr>
<tr>
<td>Palm Bay- Melbourne MSA</td>
<td>470</td>
<td>$ 27.25</td>
<td>$ 56,680</td>
<td>148%</td>
</tr>
<tr>
<td>West Palm Beach - Boca Raton MSA</td>
<td>550</td>
<td>$ 30.02</td>
<td>$ 62,442</td>
<td>163%</td>
</tr>
</tbody>
</table>

Turbo Services' choice for where to build their test facilities was limited to two southern Florida airfields that did not have commercial airports. There were available airports in Boca Raton and Immokalee. The difference in employee wages for these locations is significant. The annual salary for Turbo Services' three employees would be $187,325 at Boca Raton versus $114,754 at Immokalee, a difference of $72,571. For a small business, $72,000 makes a significant impact on the company's overhead.

J.B. Aircraft Engine's current annual labor wage is $684,064 per year for their 16 employees. The cost of these 16 employees in the Tampa Bay area would cost the company $1,056,976 or an additional $372,912 per year.

The highly competitive nature of the aircraft maintenance, repair, and overhaul industry forces companies to keep their costs down. The industry has greater competition from foreign companies that can take advantage of lower labor costs. This increased competition has caused industry profit to steadily decline (Longo, 2017). Companies that can keep their cost lower than their competitors have a better chance of getting customers.

Facility Leasing

As stated earlier, an advantage that J.B. Engine has compared to other engine rebuild companies is the cost to lease hangar space. Currently J.B. Engine is leasing an 18,000 square foot hangar, located on the apron of the airport, for $4 a square foot. This lease includes office space, tool rooms, and a work area under the hangar (Brod, 2018b). Recently the landlord, Sebring Airport Authority, renovated the hangar by installing a new roof, gutters, trim, new windows, and doors (Diana, 2013). The $4 square foot cost contrasts with the cost of a similar hangar in another part of the state. For example, at Melbourne International Airport (MLB) along the East Coast, a company would expect to pay at least $10 and up to $14 a square foot on a NET BASE lease with an annual cost of $180,000 per year, or 250% over Sebring. At Ocala International Airport (OCF), in the central part of the state, a company would pay around $8 to $10 per square foot on a NET BASE lease with an annual cost of $144,000 or 200% over Sebring (Anderson, 2018). Refer to Table 4 for the difference in price per square foot. The difference in price per square foot can have a significant impact on a small business overall. Considering that this industry's profit is only 7.9%, the cost savings on leasing a facility could really help a small business lower its overhead and allow it to provide goods and services at a price better than its competitors.

Land Leasing

Leasing land versus purchasing land for commercial purposes helps a startup business by eliminating the upfront cost of purchasing land. Typically, a down payment from 10% to 25% is required to purchase commercial real estate, depending on the location. When leasing land, the upfront cost is normally significantly less (Shah, 2018). The facility that Turbo Service had to build on airport property required the company to lease land from Collier County Airport

<table>
<thead>
<tr>
<th>Table 4 Square Foot price for hangar space.</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>Price per Sq. Foot</td>
</tr>
<tr>
<td>Sebring (SEF)</td>
</tr>
<tr>
<td>$ 4.00</td>
</tr>
<tr>
<td>Melbourne (MLB)</td>
</tr>
<tr>
<td>$ 10.00</td>
</tr>
<tr>
<td>Ocala (OC)</td>
</tr>
<tr>
<td>$ 8.00</td>
</tr>
<tr>
<td>Requirement of 18000sq ft</td>
</tr>
<tr>
<td>Sebring (SEF)</td>
</tr>
<tr>
<td>$ 72,000.00</td>
</tr>
<tr>
<td>Melbourne (MLB)</td>
</tr>
<tr>
<td>$ 180,000.00</td>
</tr>
<tr>
<td>Ocala (OC)</td>
</tr>
<tr>
<td>$ 144,000.00</td>
</tr>
<tr>
<td>% Difference</td>
</tr>
<tr>
<td>100%</td>
</tr>
<tr>
<td>250%</td>
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<tr>
<td>200%</td>
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authority. The company obtained a 30-year lease on the land at 14 cents per square foot. After 30 years, the building and any improvements to the building become the property of the airport authority. The building, after it becomes the property of the airport authority, could be leased back to the Turbo Services or another company (Bennett, 2018). A 30-year land lease and terms like these are typical in the U.S. Depending on the building type constructed, the owner can depreciate the improvement cost over the period of the lease (Shah, 2018).

At 14 cents per square foot for non-aviation use, the land lease at Immokalee is extremely cost-effective. An analysis of comparable commercial land leases around and near Immokalee, utilizing LoopNet.com, validates that leasing land in Immokalee was 12.9% lower than the next lowest lease rate available for an acre of land. Refer to Table 5 for specific details (Florence, 2018).

Grants
When a company establishes a presence in an EDZ or a current company commits to expanding its presence, there is the potential to receive grants from local development agencies. The different levels of government create an EDZ to offer incentives to companies for relocating or expanding their businesses. The incentives for relocating, expanding, or starting a business in an EDZ can include cash grants from either the state or local governments (DiGiacomo, 2018c). Table 6 (next page) lists just a few other incentives available from the State of Florida to help a business.

When J.B. Aviation Engine Service committed to renewing their lease at Sebring, they received a $40,000 grant from the Highland County Economic Development office. The company used this grant to purchase additional tools and test equipment to help the company maintain its competitive edge (Brod, 2018a).

Currently 36.7% of aircraft maintenance, repair, and overhaul industry revenues go toward the purchase of equipment and supplies. An aviation company needs to purchase special equipment to repair and maintain aircraft components (Longo, 2017). As new models or versions of engines come into the field, the company must purchase the corresponding tools to service that new engine. Aviation rated tools are expensive. For example, a commercial milling machine can cost well over $100,000 (W. W. Grainger, 2018). An aviation certified 3/4” Drive Fixed-Head Techwrench* Torque Wrench (60–600 ft-lb) from Snap-On has a list price of $1,075 (Pinchuk, 2018).

Purchasing equipment is a high cost for a new company or one that wants to expand. Additionally technological developments in machinery and equipment have helped improve efficiency and automated processes that are labor intensive (Longo, 2017). This requires regular investment by a business to retool and purchase new equipment. The grant received by J.B. Aviation Engine improved the company’s cash flow. The company kept up with its competitors and expanded service to additional engines through their commitment to the local community.

Security
Another advantage to setting up operations at either Sebring or Immokalee Airfield is the security each airport operator is required to maintain for an active US airport. After the events of 9/11, the Transportation Security Agency mandated numerous security measures for general aviation airports. These measures either include perimeter fencing, access control points and roving security patrols, or close-caption TV (TSA, 2017) (Bennett, 2018). These stringent security requirements are a benefit for a company that is located on or near a general aviation airport. Costs are lower for companies in these locations because of reduced insurance costs related to these security requirements (Seyoum, 2016). When the owner of J.B. Engine leaves at night or the weekend, he does not worry about the facility due to the dedicated airport security (Brod, 2018a). This can be an important marketing point for any business to their customers that has operations near any airport. There is a higher level of security at aviation sites compared to other rural areas and the possibility of lower insurance cost due to the lower theft risk.
Foreign trade zone
The Foreign-Trade Zones (FTZ) Act of 1934 created zones that are secure areas under U.S. Customs and Border Protection (CBP) supervision and are generally considered outside the US for duty purposes (Protection, 2018). Additionally, CBP security requirements provide protection against theft, which is another value-added to a company working in an FTZ.

A company can bring goods into the country and wait until they leave the FTZ before paying duties. This allows a business to delay paying custom duties until the goods are sold (Clark, 2010). Since there is no time limit on storing items in an FTZ, a company can keep inventory in warehouses until sold (Seyoum, 2016). Another benefit of the FTZ is that components brought into the zone that are lost due to the manufacturing process and any waste product or scrap are custom free (Clark, 2010). For example, when German beer yeast is brought into an FTZ to make beer, it is duty free. Once the beer is brewed, any remaining yeast and other by-products become scrap. No duty is paid on scrap or waste as it is not sold. There is another benefit when goods are manufactured in an FTZ. The duty is lower on finished products versus the components that make up the product (Seyoum, 2016). You just pay duty on the finished product and not on the products' components.

Guadalupe Roastery imports green coffee beans from Nicaragua now and has plans to import from Uganda. Currently, green coffee beans from Lat-

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Type</th>
<th>Description</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Job Tax Credit</td>
<td>Credit</td>
<td>A rural job tax credit is an incentive for eligible businesses located within one of 36 designated Qualified Rural Areas to create new jobs.</td>
<td>10 qualified new employees or 20% additional employees on date of application get a tax credit of $1000 per employee.</td>
</tr>
<tr>
<td>Quick Response Training</td>
<td>Grant</td>
<td>An employer-driven training program designed to assist new value-added businesses and provide existing Florida businesses the necessary training for expansion</td>
<td>Funding is provided in the form of a performance-based reimbursable grant, for a 12-month maximum term.</td>
</tr>
<tr>
<td>Incumbent Worker Training</td>
<td>Grant</td>
<td>A program that provides training to currently employed workers to keep Florida's workforce competitive in a global economy and to retain existing businesses.</td>
<td>Small businesses may be eligible for a reimbursement of up to 75 percent of training costs through Florida's Incumbent Worker Training grant.</td>
</tr>
<tr>
<td>Capital Investment Tax Credit</td>
<td>Credit</td>
<td>Qualifying businesses can reduce corporate income taxes or insurance premiums over a 20-year period through a tax credit based on the amount of capital investment or costs related to the acquisition or construction of a facility.</td>
<td>The credit is limited to 5% of the total amount of capital investment at the new or expanded facility, over 20 years.</td>
</tr>
<tr>
<td>Qualified Target Industry Tax Refund</td>
<td>Refund</td>
<td>In exchange for meeting job creation goals, eligible businesses receive refunds for certain state and local taxes, including corporate income taxes; insurance premium taxes; taxes on sales, use, and other transactions.</td>
<td>Produce the number of required jobs and pay at least 115% of the average area annual wage to receive a base tax refund of $3,000 per job or $6,000 per job in an enterprise zone or a rural community.</td>
</tr>
<tr>
<td>The High Impact Performance Incentive</td>
<td>Grant</td>
<td>To be eligible for the grant program, a business must be certified as high impact in industries such as clean energy, biomedical technology, information technology, silicon technology, and transportation equipment manufacturing.</td>
<td>A business with a lower cumulative investment of $50 million and 50 jobs and a research and development category making a cumulative investment of $25 million and 25 jobs is now eligible for grants.</td>
</tr>
<tr>
<td>Brownfield Redevelopment Bonus Program</td>
<td>Refund</td>
<td>Applicants must either be a qualified target industry business or demonstrate a fixed capital investment of at least $2 million in mixed-use business activities and provide benefits to its employees. Additionally, the proposed project must create at least 10 new full-time permanent jobs, not including any construction or site rehabilitation jobs.</td>
<td>Businesses may receive a tax refund up to 20% of the average annual wage for each new job created in a designated brownfield area up to a maximum of $2,500 per new job.</td>
</tr>
</tbody>
</table>
in America can be imported duty free into the US (Commission, 2018). As the company expands into other products, there is a clear advantage to being in the FTZ. Moving the business when the current lease expires, to the FTZ on the airport will improve the company’s cash flow (Fassbender, 2018a). The company void paying the custom duties up front and is able to warehouse the coffee without paying duties until the inventory is sold. Any product that does not meet the quality requirements will be scrapped and the company will not be required to pay duties on scrapped materials.

**Accelerator**

In order for Guadalupe Roastery to expand its coffee business to meet its ever-growing request for coffee, it need to expand the kitchen (Fassbender, 2018). Brad Fassbender had to consider the best method for his company to expand. The profit margin for a coffee roaster in 2017 was only 4.7%, which meant expenses had to be carefully controlled (Stivaros, 2017). In most cases, a company will build a kitchen to meet its needs. He heard about the Florida Culinary Accelerator @ Immokalee for some time, so it made sense to relocate Guadalupe Roastery from Ave Maria, Florida, to be near that facility (Fassbender, 2018a).

The cost associated with producing any commercial food challenged Guadalupe Roastery. In Florida, the Department of Agriculture and Consumer Services sets the standards for any kitchen and regulates activities under the Manufactured Foods Program (Putman, 2018). In 2015, kitchen construction cost about $250 per square foot. The major cost of kitchen preparation was the equipment. Preparation also included running the different power, water, and gas utilities, ducting for venting, and meeting all local safety requirements (Hester). A commercial oven to roast the green coffee beans costs over $4000 (Rossini, 2016). The commercial exhaust hoods installed at the Incubator alone cost $100,000 (El, 2018). These are significant costs for a business to absorb in order to meet state regulations.

The Florida Culinary Accelerator @ Immokalee solved this problem for Guadalupe Roastery. The accelerator is a 5, 274 square foot state-of-the-art kitchen facility located on Immokalee Airfield. The accelerator gives entrepreneurs in the food service industry a head start by providing a shared commercial kitchen with a dedicated staff to mentor the startup company to be successful (Pellechio, 2018). There are four modern kitchens to support hot and cold cooking and a bakery with cold and dry storage space (Fehr, 2018). A food-based business can reserve a kitchen and time with the culinary staff, and then show up with their product and cooking staff at the appointed time. A business must have proper licenses from the required state regulatory agencies to become a member. The business owner completes an application, provides documentation, signs waivers and release liabilities, shows proof of insurance, and then becomes a member (Pellechio, 2018). The incubator cost ranges from $15 per hour for 80 hours per month to $20 per hour for 20 hours per month (Fehr, 2018). Businesses do not have to spend their money on the equipment expenses and the overhead costs involved in a commercial kitchen. This provides Guadalupe Roastery with access to a commercial kitchen at a fair hourly rate without the upfront expense of creating a kitchen.

**Agriculture Product Approval**

Guadalupe Roastery, like any company wanting to sell food in Florida, has to get its product approved by the Florida Department of Agriculture and Consumer Services. This agency regulates activities under the Manufactured Foods Program (Putman, 2018). According to Brad Fassbender, getting approval from Tallahassee was not difficult, but did take a lot of effort on his part (Fassbender, 2018a). Administrative time spent on regularity compliance for a small business is a significant burden forces the owner to manage paperwork instead of managing the business (Giles, 2018). As a small business owner, Fassbender's time spent navigating regulations and bureaucracy is time away from growing his business.

A goal of Florida Culinary Accelerator @ Immokalee was to eliminate roadblocks for entrepreneurs to market their products (Pellechio, 2018). To help startups get their products inspected and approved, the accelerator has an in-house food laboratory. The University of Florida Institute of Food and Agricultural Sciences (IF/IFAS) office is on-call and staffed by the local Southwest Florida Research and Education Center. This allows a product to be inspected, tested, and approved on site (Gallgos, 2018). It is a simple matter of the accelerator staff scheduling an appointment for the client. The inspector takes the product from the client, conducts the required testing, and provides the certification paperwork required by the state. Any issues are easily resolved at the local office (El, 2018).

In the future, as Guadalupe Roastery expands its commercial food product line, having the ability to get its product inspected and approved at Immokalee...
lee will clearly save administrative time for Brad Fassbender. He can focus his time on making coffee, marketing his coffee, and increasing his coffee sales.

Quality of Life
The owner of J.B. Aircraft Engine mentioned the quality of life earlier in the article as being a benefit for those living and working in the Sebring Area. He knows how long it will take to get to and from work each day as the traffic is never heavy (Brod 2018a). The Highland County Business Development Manager believes that the quality of life is their hidden secret (DiGiacomo, 2018c). Quality of life is a broad multidimensional concept that usually includes subjective evaluations of both positive and negative aspects of life (T. W. Group, 1998). In other words, it means something different to everyone.

One measure of quality uses the metrics of amount of air pollution per cubic meter, the amount of social support (family) for the population, and the amount of violent crime per population. Sebring and Immokalee are well below Tampa Bay and Florida for air pollution and the amount of violent crime per 10,000 of population. Sebring also has a higher percentage of social support, well above the Florida average. Refer to Table 6 for a detailed breakdown of these metrics (Dijk, 2018).

Table 6: One measure of quality of life

<table>
<thead>
<tr>
<th>Location</th>
<th>Air pollution per cubic meter</th>
<th>Social Support per 10K Pop</th>
<th>Violent Crime per 10K pop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sebring</td>
<td>6.5</td>
<td>11.7</td>
<td>329</td>
</tr>
<tr>
<td>Immokalee</td>
<td>6.8</td>
<td>7.6</td>
<td>247</td>
</tr>
<tr>
<td>Tampa</td>
<td>7</td>
<td>7.4</td>
<td>339</td>
</tr>
<tr>
<td>Florida</td>
<td>7.4</td>
<td>7.1</td>
<td>500</td>
</tr>
</tbody>
</table>

Another measure of quality uses the metrics of house cost as a percentage of income, average monthly housing cost, transportation cost as a percentage of income, annual miles driven, annual transportation cost, and residential density per acre. Sebring and Immokalee residents spend less each month on housing cost and have a lower residential density as compared to Tampa Bay residents. Sebring has a low annual transportation cost. Refer to Table 6 for a detailed breakdown of these metrics (Bernstein, 2017).

Another measure of quality of life is time commuting to work (Barrientos, 2017).

- Highland County 21.9 minutes on average.
- Collier 23.6 minutes on average.
- Hillsborough 25.7 minutes on average.
- Pasco 30 minutes on average.

The perspective on quality of life depends on one's point of view. James Brod likes the idea of living and working in Highland county as there is little traffic and he never has to worry about needing a reservation to go out and eat (Brod, 2018a). When marketing Highland county, the Economic Development Office mentions its area is known for its recreation activities, is in the center of the state, and has charming cities (DiGiacomo, 2018b).

Agency Assistance
One past criticism of the Enterprise Florida program was the difficulty businesses had in meeting the reporting requirements to receive assistance (Skepple, 2017). The current economic development stakeholders are conscious of this fact and now work diligently to act as facilitators (Wuerstle, 2018). The Florida Heartland REDI, which includes both Sebring and Immokalee, has established a reputation as a strong economic development support system for the community (S. S. Group, 2014).

Companies wishing to establish a business in an Economic Development zone will need assistance from local development agencies. Having an advocate to help navigate the myriad local and state regulations is a great benefit to a company. Navigating regulations is a big administrative burden for a small business owner (Giles, 2018). As stated earlier by Turbo Services, one of the benefits they found with building their test center at Immokalee was the fast permitting offered by Collier County (Walker, 2011). The Collier County Fast Track Program is an expedited review program to encourage and support economic development by streamlining the development process. Projects receive a priority review, which provides process certainty and reduces approval times. The county provides a central point of contact and fast track approval (Agency, 2006).

The Highland County Economic Development Office offers similar assistance to businesses. When a business owner reaches out to the development office, the staff will find the right location for a company relocating to the area and will coordinate with all local agencies to support the move. Additional-
ly they help prospective business owners match up their labor requirements with the skill sets available in the county (DiGiacomo, 2018b). Getting effective assistance from agencies motivated to help a business is invaluable.

**Conclusions**

We have looked at three different companies and discussed factors that contributed to their success in a rural Economic Development Zone. As stated earlier, wanted to analyze two companies that were similar by industry to determine what factors made them a success while working in a Florida EDZ. The next step was to find another successful business located in a Florida EDZ that was different from the first comparisons to identify, compare, and contrast its factors for success. The factors identified in this study were:

Lower Labor Cost; Lower Land Leasing Cost, Agency Help, Lower Facility Leasing Cost, Free Trade Zone, Security, Grants, Quality of Life, Location, Culinary Accelerator and lastly Product Approval.

This research paper sought to determine the factors that were common to all three companies and the factors that were unique to the either Sebring or Immokalee. Refer to Figure 7 for where these factors fall in this study.

**Common Factors**

The following factors were found to be available to all three businesses at both locations.

**Low Cost of Labor**

All three companies spoke of the benefit of lower wages to their bottom line. The hourly rate is much lower than on the coast (Brod, 2018a). When you take into consideration the increased labor cost of 2.7 percent for the 12-month period ending in March 2018, businesses have to closely monitor their cost across the board (Statistics, 2018). As stated earlier, the cost of labor is a significant business, no matter the industry or location of a business. To remain competitive, a company has to keep its cost down. J.B. Aviation Engine, with its lower cost of labor, can offer a better price to its customers (Brod, 2018a). For Guadalupe Roastery, the coffee roasting process is labor intensive, which in turns increases the percent of wages as a share of revenue. Labor can account for almost 6.4% of a roaster's revenues, leaving only a 4.7% for profit (Stivaros, 2017). With the reality that Guadalupe Roastery's profit margin is so small, the company needs to set up operations in a location where labor cost is lower.

**Low Cost of Land/Building Leasing**

In the aircraft maintenance, repair, and overhaul industry, facilities leasing cost is 4.9% of a typical busi-

**Figure 7 Factors for Success**

![Figure 7 Factors for Success](image-url)
ness’ revenues (Longo, 2017). As mentioned earlier this industry is very competitive and have requirements for expensive tooling. Obtaining competitive lease terms can drastically reduce a company’s operating cost. J.B. Aviation Engine received very competitive leasing terms for hangar space at half the price of a comparable facility. Turbo Service’s land lease is also very competitive.

**Grants**

Providing grants to businesses is common to most counties and cities in Florida. Coastal and urban counties are more focused on larger companies with the potential to hire large number of employees or that are a sought-after industry; i.e. green technology. Additionally, these urban and coastal counties can get into bidding wars to lure a company to their location. For example, North American Roofing benefited from a generous relocation package after a bidding war between Hillsboro County and Sarasota County, when it decided to relocate its corporate headquarters from North Carolina (Manning, 2016). Rural counties tend to focus on smaller businesses that want to commit to the community (DiGiacomo, 2018b). A small business owner has a better chance of receiving a grant by collaborating with a rural economic development office, as these rural counties tend to focus on small business.

**Unique Factors for Success**

The following factors were unique and only available to the business located at that location.

**Culinary Accelerator**

Facilities like the Culinary Accelerator @ Immokalee are found in other locations in Florida. The difference is unlike Culinary Accelerator @ Immokalee, which is a non-profit, most of the others are for-profit institution. As a non-profit, the accelerator focuses on the small business owner with the goal of making the client successful (Pellechio, 2018).

**Quality of Life**

Quality of life is difficult to quantify, as it is a matter of a person’s individual perspectives and preferences. While it may mean different things to different people, each person interviewed found sufficient quality of life to be comfortable in how they organized their work and personal life. This makes the impact of quality of life difficult to measure without additional data, since it is a matter of perspective, making it hard to demonstrate it as a tangible benefit.

**Location**

For Turbo Services location for its test cell was restricted to an airfield that did not have commercial passenger flights. Additionally, it had to be near its maintenance facility located in Southern Florida. The company chose Immokalee due to its location near the company maintenance facility, with the only other option being the Boca Raton airport. That makes the Immokalee choice a unique factor of success for the company.

**Value Added Factors Not Unique**

The following factors are available to these three businesses but are not unique to Sebring and Immokalee.

**Security**

The additional security provided by establishing a business on an airport can provide cost savings both for security and insurance. This factor is not unique to either Sebring or Immokalee. Every business located on a commercial airport gains the same advantage. For the businesses analyzed, marketing to potential customers about the level of security at the airfield makes for a good selling point.

**Foreign Trade Zones**

Foreign Trade Zones (FTZ) are not unique to Sebring and Immokalee as there are over 20 FTZ in Florida (Protection, 2018). The benefits offered by an FTZ were that goods can be held duty free until sold, can help to lower the upfront cost to a company and allow for better cash flow.

**Agency Assistance/Mentoring**

Agency Assistance and mentoring is available in almost every county and major communities throughout Florida. What is unique to assistance provided in rural areas is the level of support offered to small businesses (DiGiacomo, 2018a). As mentioned earlier, there is competition between development agencies to entice companies and industries to a particular zone away from rival economic development zones.

**Final Thoughts**

For the business owner, there are definite advantages to setting up operations in a Florida Economic Development Zone. The three businesses discussed in this paper were able to reduce their operating overhead by taking advantage of the opportunities present at Sebring and Immokalee. The business were able to lower their labor cost and achieve very favorable lease terms, both of which had a significant impact on the operating cost. In addition, the potential for grants, agency assistance, and the other men-
tioned factor in this paper can help a business owner improve their ability to succeed working in a Florida Economic Zone. For the business owner, this does mean enhanced profits, through lower cost, that will in turn increase their competitive advantage.

As only three companies were interviewed for this paper, they represent but a sampling of the businesses currently operating in an EDZ. Additional research is required to better understand other potential benefits and challenges to a company.

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Review
This article was accepted under the constructive peer review option. For further details, see the descriptions at:
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Author