District hasn't made case for this U.S. Sugar deal

Palm Beach Post Editorial

Thursday, December 04, 2008

Mike Collins, one of eight South Florida Water Management District governing board members who will decide whether the public should pay $1.34 billion for U.S. Sugar's land, had the best question during Tuesday's seven-hour discussion of the proposal: "Why this deal? I can't put the pieces together. They don't add up."

Here's why they don't:

- The deal is for all of U.S. Sugar's 182,500 acres, but staff members acknowledged Tuesday that the water district would need only between 40,000 and 45,000 acres of U.S. Sugar land for Everglades restoration. Why would the public buy almost 140,000 acres it doesn't need? In addition, staff members acknowledged that the district would need as much as 60,000 to 65,000 acres from other owners. Where would the money to buy that land come from?

The answer has been that the district would trade unneeded U.S. Sugar land with other growers, notably Florida Crystals. But there are no talks going on with Florida Crystals. How can the district
approve a $1.34 billion deal the success of which depends on negotiations that aren't taking place?

- District staff members also acknowledged that it would take two to three years to develop a restoration plan. So board members must decide to spend $1.34 billion without really knowing how it would be used. "We better have a plan," said board member Charles Dauray. In fact, they won't.

Near the end of the meeting, sugar grower Fritz Stein - a former water district board member - compared this proposal to the 1994 agreement to clean up water going to the Everglades. As Mr. Stein noted correctly, back then there was a plan, a source of money, a timeline and "buy-in" from the Legislature, which had to approve the Everglades Forever Act. In 2008, there's only one specific: $1.34 billion for 182,500 acres.

- Since it would take those two to three years to draw up a restoration plan and another two to three years for design and engineering, the water district wouldn't need many of those 182,500 acres for a while. Under the deal, U.S. Sugar could continue to farm most of the land for six years while leasing it from the district for $50 per acre.

But according to the Sugar Cane Growers Cooperative of Florida, that would be less than one-fourth the current market lease price. Small sugar grower after small sugar grower complained to the board that the lease terms would give U.S. Sugar an unfair advantage. That price also would shortchange the public, which could expect only about $54 million in lease payments over the six years. Why is the lease price so favorable to U.S. Sugar? What is the district's response to the offer by the growers' cooperative to lease the land for $150 per acre?

- A key parcel of the U.S. Sugar land comes with a mining lease. The company got Palm Beach County to approve it in April, without disclosing that the company had been discussing a sale to the state. The lease inflated the cost of the land to the public. Would the district allow mining to go on and take the lease payments? Would the district work restoration around mining? Would the district buy out the lease? If so, how much would it cost?

None of these questions was satisfactorily answered Tuesday. Not all of them even were asked aggressively. Yet the district board faces a deadline in 12 days to approve a sale that would tie up the district's money for decades.
The promise, of course, is that purchase of land once considered unavailable would allow water to flow south from Lake Okeechobee to the Everglades before the system was drained to accommodate people and farming. Nathaniel Reed, also a former district board member and one of Florida's leading conservationists, put it simply: "Get the land." Board Vice Chairman Shannon Estenoz said of the U.S. Sugar land, "It's what's for sale."

In fact, the question is why this land is for sale. More and more, it appears that U.S. Sugar is selling out of necessity. The company has been losing money and faces a lawsuit by current and former employees. Why, then, should a sale of necessity become a windfall for the seller? The state may need the land, but the public needs answers.