The collapsing housing market in the U.S. is hitting some environmental firms, particularly those working in sectors such as water and wastewater services. But those in the nuclear-waste and hazardous-materials sectors have more breathing room as interest continues to grow in environmental cleanup and sustainability projects.

Even with weakening demand for some traditional environmental services, firms are expanding into new areas beyond the normal remediation models. Our role has shifted from cleanup of past sins to helping with the business model, says Lee McIntire, chief operating officer of CH2M Hill Cos. Environmental concerns are now encroaching on more traditional areas of construction, he explains. To site a factory, the issue is not just the cost of steel but where you are going to get the energy and water. The pace of change is breathtaking, he says. Some water and wastewater firms are looking abroad for projects in order to make up for a slower year in the U.S. It is not as good as it has been in the U.S., there is a softness in the market, says Jim Hipps, senior vice president and chief development officer of the water division of Black & Veatch. There is a slowdown in regions with real-estate problems, and we expect to see more next year. Hipps says growth in the domestic water market is slowing to 2-4% this year from 7-9% last year, and a further drop is expected next year. Yet Black & Veatch is finding plenty of work abroad. We have quite a bit of work right now. We just entered the second phase of
the [Bundamba Advanced Water Treatment Plant] drought relief project outside Brisbane, Australia, and we are getting ready for the selection process for some big contracts in the U.K, says Hipps. Interest is rising for combination approaches in the water sector as clients exploit sources once thought unusable. Hipps notes his firm's involvement in a large water plant in Singapore. Instead of looking at just one solution, they want a combination of three: desalination, recycle/reuse and capturing systems, he says. We are seeing more demand for high-tech solutions to deal with more brackish water that previously wasn't considered.

Virginia Grebbien, global business development manager at Parsons, adds, The market is becoming more cost oriented and as a result is looking for value propositions that resolve multiple issues with a single program. The All-American Canal Lining Project in California is one significant domestic project for Parsons that is roaring ahead regardless of the broader weakness in the water market. Originally built in the 1930s, the 82-mile-long All-American Canal brings water from Colorado River to the Imperial Valley. The canal is unlined and is experiencing significant seepage loss, so a concrete-lined, 23-mile-long canal is being constructed parallel to the original to reduce water loss. Parsons is providing project- and construction-management services on the project.

With public funding sometimes precarious, the private sector is exploring investments in infrastructure projects. We are seeing more interest in the investment community in water projects, but we have been on the verge of a boom in private infrastructure investment for forever, notes Black & Veatch's Hipps. We expect to see growth in private investment, but there is no indication of heading toward a European model with widespread private utilities. Environmental remediation has taken on a new scale in Florida's Everglades, where the Central Everglades Restoration Plan includes construction of the world's largest manmade reservoir as part of a greater effort to restore the wetlands. While the details were still being worked out, U.S. Sugar Corp. announced in June that it would sell to the State of Florida 187,000 acres in the area for $1.75 billion in one of the largest environmental land acquisitions in U.S. history. Various projects covered by CERP have been underway since 2006, but the land acquisition has opened the door for a host of major environmental projects that previously were not feasible.

Nuclear remediation in the U.S. saw some significant changes in leadership this past year, with big players vying for position as management contracts expired at some of the nations largest nuclear cleanup sites. Most notably was the hotly contested bidding process for the management and operation contract for the U.S. Dept. of Energy's nuclear cleanup at the Savannah River Site in Aiken, S.C. The two main contenders were a team lead by Fluor against one led by the Washington division of URS. DOE awarded the contract to Fluor in January, but URS challenged the action. The former Washington Group International had possessed the contract since 1989, and argued to the Government Accountability Office that there were irregularities in the bid process. GAO dismissed URS's claim in April, and the Fluor-led team, Savannah River Solutions LLC, took the nearly $4-billion contract, which with five, one-year renewable options could run as much as $8 billion.

But none of the major firms went home empty-handed this year...
Florida Sugar Dynasty Stands to Profit as State Buys Rival
09/19/2008
Lakeland Ledger
MARY WILLIAMS WALSH

In June, Gov. Charlie Crist announced that Florida would buy one of the state's two big sugar enterprises, the United States Sugar Corp. He billed the purchase as a 'jump-start' in the environmental restoration of the Everglades, which cane growers are accused of polluting with fertilizer runoff.

Alex Quesada/The New York Times

Three leaders of the Fanjul family: Pepe Jr., left; J. Pepe, center; and Alfonso Jr., called Alfy, in the corporate headquarters boardroom of the Florida Crystals Corporation, in Western Palm Beach County, Fla., Aug. 22, 2008. After Fidel Castro chased the family from Cuba, it rebuilt its sugar empire in the United States.

Workers in the Okeelanta Sugar Refinery, alongside piles of 'scrap' sugar, waiting o be refined, in western Palm Beach County, Fla., August 22, 2008.

ALEX QUESADA | THE NEW YORK TIMES

But in the end, the $1.7 billion buyout, scheduled to be completed in early 2009, may also prove to be a financial boon to the state's remaining sugar superpower, Florida Crystals.

One of the country's wealthiest families, the Fanjuls of Palm Beach, controls Florida Crystals and today touches virtually every aspect of the sugar trade in the U.S.

If you buy Domino Sugar, you're buying from the Fanjuls. Ditto C&H Sugar. (That name stands for California & Hawaii, but the Florida Fanjuls acquired it in 2005.) National retailers prefer dealing with coast-to-coast vendors, so if you buy a bag of sugar at Wal-Mart, Kroger or Safeway, you're also patronizing the Fanjuls.

Take a pill, eat a granola bar - you're probably consuming special, high-end sugars that Florida Crystals produces for the pharmaceutical and packaged-food industries.

Sugar imported from Mexico and the Dominican Republic also stands a good chance of coming from Fanjul companies.

Now, some people in Florida are saying that if the state completes its takeover of U.S. Sugar, the opportunities that the deal presents may be a capstone to the life's work of the family...
'This is going to be a really good deal for the Fanjuls,' said Dexter Lehtinen, a former federal prosecutor whose 1988 lawsuit against the state led to a settlement instituting tough clean water standards. 'The state embarked on a nonachievable goal, and now in desperation to wrap up some package, they're going to have to give access to Florida Crystals on favorable terms.'

Others, like makers of candy and cereal, say the Fanjuls already control too much of the sugar trade. They want to buy sugar cheap and say the Fanjuls have long charmed Congress into legislating price supports that keep it expensive.

Free-trade advocates also complain, saying that a private business has used the shelter of the federal sugar program, created in the Depression to nurture struggling farmers, to increase its corporate hammerlock.

'These people have been absolutely extorting consumers for decades, and the only reason they're existing in the first place is, they were able to get sweet deals from governments that were propping them up,' said Sallie James, a trade policy analyst with the libertarian Cato Institute, referring to Florida Crystals and U. S. Sugar.

A REBUILT dynasty

But Florida Crystals executives scoff at the notion that their company has weaved together a profitable and all-powerful sugar monopoly.

'Anyone who thinks this isn't one of the most competitive, fiercely won industries just doesn't know,' said Brian F. O'Malley, chief executive of Domino Foods, a marketing concern in which Florida Crystals has a major stake.

Whether the Fanjuls have crafted a monopoly, they have certainly re-created a very lucrative business dynasty.

Fidel Castro chased the Fanjuls from Cuba in 1959, ending five generations of the family's controversial rule in the sugar industry there. Starting with cash moved out of Cuba and worn-out milling equipment bought secondhand in Louisiana, the Fanjuls spent recent decades buying refineries and related businesses - an enterprise that ultimately stretched seamlessly from the canefields of Florida to America's kitchen cupboards and beyond.

'monumental' buyout

When Crist announced the sugar buyout in June, he called the deal 'as monumental as the creation of the nation's first national park.'

Environmentalists were overjoyed, and the proposal made national headlines. Plans to restore the Everglades - 4,000 square miles of marshes and sawgrass prairies in southern Florida - have been floated, fought over and delayed for years, often amid heavyweight lobbying by the sugar companies.

Millions had been spent, reservoirs dug, water moved this way and that, but the Everglades continued to sicken, largely because of what analysts say is rampant overdevelopment and the loss of
regular flooding that wetlands need.

Then, in one grand gesture, Crist offered a buyout that the state said would knock out a major obstacle preventing reclamation of the Everglades.

The 'missing link' was an expanse of sugar land south of Lake Okeechobee and north of the Everglades National Park. For eons, Lake Okeechobee served as the Everglades' giant wellspring, until the federal government diked the lake and drained lands around it after devastating hurricanes in 1928 and 1947.

The array of earthen bulwarks and pumping stations crisscrossing that territory cut off the Everglades from Lake Okeechobee, denying the marshlands their source of freshwater floods.

The Crist plan initially promised to send freshwater streaming into the Everglades again, through a wide, shallow expanse called a flow way. To that end, the state offered $1.75 billion for the land and assets of U.S. Sugar, giving the company six years to wind down its operations.

But the state needs only about 24,000 acres of U.S. Sugar's farmland to create a flow way, according to David P. Reiner, a spokesman for the environmentalist group Friends of the Everglades. He said the flow way approach was abandoned as unworkable in the 1990s, and people were surprised when Crist revived it.

For its part, the South Florida Water Management District, the state agency in charge of the Everglades restoration, recently said the flow way might require 100,000 acres.

To that end, Florida is buying all of U.S. Sugar's land - 187,000 acres - as well as a new cane-grinding mill, a large refinery and a 200-mile railroad that carries cane to the mill.

A spokesman for the governor, Eric Eikenberg, said the flow-way plan was achievable: 'Once the acquisition is complete, there will be the ability - and the environmental community is very enthused about the ability - to have a good number of acres to store water, and to clean water, and to move water all the way to the Everglades. It can be done.'

MORE LAND NEEDED

Still, taking title to U.S. Sugar's acres will not by itself enable the state to build the flow way. The state would still need an additional 40,000 acres now standing in the way - land owned by a Fanjul company, the Okeelanta Corp., and home to canefields, a grinding mill, a sugar refinery and a cane-fueled power plant.

Much of the land that U.S. Sugar owns around Lake Okeechobee is more desirable than Fanjul-owned land nearby because it's richer in sediment favorable for growing cane. Many in the sugar trade expect and even hope that the Fanjuls will use the U.S. Sugar buyout as an opportunity to expand their holdings in southern Florida, trading some of their land for U.S. Sugar's in a swap orchestrated by the state.

'If they're trying to drive a bargain, more power to them,' said Ardis Hammock, a local cane planter whose family has been selling cane to U.S. Sugar since the 1930s. 'It would bring some
Gaston Cantens, a spokesman for Florida Crystals, says the Fanjuls did nothing to help engineer Crist's buyout of U.S. Sugar. On the contrary, he says, the family knew nothing about the deal until just a few days before it was announced.

Nonetheless, Cantens says, the Fanjuls have let negotiators know that if the state ends up with more land than it needs, Florida Crystals is ready to take the excess and the new mill off its hands - but only on terms that make sense financially.

Because a sugar mill cannot turn a profit without access to tens of thousands of acres of sugar cane, the Fanjuls would have to gain access to a huge tract to make a purchase of U.S. Sugar lands feasible.

For now, Cantens says, the Fanjuls are like everyone else in Florida: they are waiting to see exactly what sort of restoration the state has in mind.

'We're interested, obviously,' he said. 'But it all depends on how much land they need.'