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 State lawmakers skewer U.S. Sugar deal	02/03/2009	Palm Beach Post - Online	MICHAEL C. BENDER and PAUL QUINLAN

Fla. lawmakers question Everglades land deal

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Associated Press (AP) - Tallahassee Bureau
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State lawmakers Tuesday questioned the cost and other aspects of a proposal being pushed by Gov. Charlie Crist to pay \$1.34 billion to U.S. Sugar Corp. for land to help restore the Everglades.

Some members of the Senate Environmental Preservation and Conservation Committee suggested the state might do better by bowing out so another company can buy U.S. Sugar and then dealing with the new owner.

Sen. Nan Rich, D-Weston, said she couldn't believe the South Florida Water Management District could swing the deal for 180,000 acres - or about 285 square miles - without raising property taxes to repay a bond issue.

Department of Environmental Protection Secretary Michael Sole assured the panel a tax increase wouldn't be needed.

"We can afford this," Sole said. "In fact, we can afford it at \$1.75 billion."

Crist initially announced the deal at that price, but since then the acreage and cost have been scaled back.

The deal does not need legislative approval, but Sen. Lee Constantine, the committee's chairman, said he wanted to give lawmakers a chance to let officials know what they think about it.

"At least we can probe, question, prod, move forward, suggest alternatives," said Constantine, R-Altamonte Springs. "There is a great deal of concern about the long-term viability of this and,

frankly, when that happens that means we're on the hook."

Sole told the panel he also doubted sufficient land could be obtained if U.S. Sugar is sold to The Lawrence Group. The Tennessee company has offered \$300 a share, or about \$550 million, for Clewiston-based U.S. Sugar.

The sugar company's board has not yet decided which, if either, offer it will accept.

"The opportunity is now," Sole said. "That opportunity probably won't occur in the future."

Sen. Paula Dockery, R-Lakeland, said lawmakers received a letter from Lawrence saying it intended to keep U.S. Sugar going, retain all employees and sell the state all the land it needs for Everglades restoration.

"That sounded like a win-win-win-win for everybody," Dockery said.

Lawrence lobbyist Ron Book said his client would be willing to sell at least 60,000 acres for Everglades restoration but less than 100,000 - not as much as some had suggested.

Some senators and David Goodlett, vice president of government and community relations for the Sugar Cane Growers Cooperative of Florida, also questioned a provision for leasing some of the land back to U.S. Sugar at a bargain price of \$50 a year per acre for the first seven years. Agriculture acreage usually rents for at least three times that amount.

Goodlett said it would put his company at a competitive disadvantage that could force it to shut down its mill.

Sole said charging more could put U.S. Sugar's mill out of business. He said the lease provision was the result of negotiations and the state often includes such sweeteners to close land deals.

Dockery said lawmakers have even more heartburn over another provision that would let U.S. Sugar sublease the land to others at a higher price.

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State lawmakers skewer U.S. Sugar deal

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TALLAHASSEE A Florida Senate panel today skewered state officials who put together Gov. Charlie Crist's deal to purchase U. S. Sugar, signaling a potentially tough road for the project in the upcoming legislative session.

'I'm shocked and rather appalled that we've allowed you to be able to do something of this magnitude with no government oversight,' said Sen. Paula Dockery, a Lakeland Republican on the Senate Environmental Preservation and Conservation Committee.

Lawmakers don't have any direct oversight on the deal, which is facing a legal challenge by U.S. Sugar's main rival, Florida Crystals. The deal could mean a \$3 billion debt for the 16-county South Florida Water Management District.

But the legislature could rewrite specific state laws to make it all but impossible for the proposed Everglades initiative to move forward. 'This will be on the agenda every single week,' said committee Chairman Lee Constantine, R-Altamonte Springs.

The Senate committee today raised a series of questions about the deal, including whether the Department of Environmental Protection agreed with appraisals that showed the 180,000-plus acres worth close to the agreed-upon price of \$1.34 billion. Bonds needed to finance that price could more than double the ultimate burden for taxpayers.

E-mails obtained by The Palm Beach Post show that state lawyers quietly deleted a clause in the contract requiring DEP staff to endorse the appraisals commissioned by the water district. That change occurred after DEP's staff appraisers had spent about three weeks asking questions about the district's appraisal reports.

Instead, the DEP issued a narrowly worded letter acknowledging that the appraisals met requirements in state law. The letter was silent about the price.

'Personally, I was able to talk with the (water district) staff who goes through the appraisal process and just understand part of that review of the appraisals,' said DEP Secretary Mike Sole, who has legal authority to supervise the district.

'And without question, the land appraisal ... I think is an accurate and fair value for that land,' Sole said.

Besides the appraisals, the district also commissioned a 'fairness opinion' by a Wall Street financial firm that estimated the land could be worth as little as \$930 million. The district paid \$1.5 million for that report but then dismissed the opinion as not relevant.

Today, lawmakers also questioned whether the water district got duped in the deal, pointing to offers from The Lawrence Group to buy U.S. Sugar for less.

Ron Book, a lobbyist for Lawrence, said the company would sell the state at least 60,000 acres for restoration. He said the state needs less than 100,000 acres to accomplish its restoration goals - although some environmental groups argue that the district needs more.

The committee members ridiculed a provision in the deal that would let the state lease land back to U.S. Sugar for well below the going rate. Members also questioned how the district would pay for an additional \$4 billion in estimated construction costs to restore natural water flow to the Everglades.

'If I were a legislator who (represented) one or more of those 16 counties, I would be very, very concerned about the cost to my constituents for this, because once you purchase this, they're on the hook,' Dockery said.

Carol Wehle, executive director of the water district, said she planned to look for federal money and save money from the district's property tax collections.

She also pointed to the tight financial market, which she said would not approve a deal if the district could not afford it.

'Can we afford it? Time will tell,' Wehle said. 'I wish I could give you a definitive yes or no.'

Wehle said the district would know more about its own budget, which includes revenue from property taxes, after the counties' property appraisers determine land values in South and Central Florida.

'You should know whether you can do it or not,' Dockery said. 'It seems to me that you're biting off a little more than the taxpayers can chew.'

