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New Bumps in Florida's Everglades Land Deal

02/11/2009
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BELLE GLADE, FL -- There are brand new questions about Florida's proposed Everglades land deal, and whether it will ever happen.

A new proposal would first ask voters to decide if the money should be spent.

Some still don't think this is a sweet deal.

Gov. Charlie Crist has proposed buying hundreds of thousands of acres from U.S. Sugar Corporation.

It would be the largest public land buy in state history.

The Governor wants to use the land to build reservoirs and reconnect Lake Okeechobee water to what remains of the Everglades.

According to our new partners at the Sun-Sentinel, state legislators could use a bill just filed to cut off the money for Crist's

\$1.34 billion Everglades land buy.

If approved, the bill would require South Florida residents vote on whether to allow the South Florida Water Management District to borrow money for the deal.

If the District pays for the deal, property taxes for residents from the Florida Keys to Orlando would pay off the debt over 30 years.

The District needs the court to approve the plan to borrow the money.

The next hearing will be in March.

Appeals are expected.

This one may take some time, but time isn't something the District has. The District has some deadlines.

Anti-Drought Insurance

02/11/2009

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Palm Beach Post Editorial

Lack of rain this winter isn't the only reason for South Floridians to use less water, but it's one of the reasons.

Thursday, the South Florida Water Management District board will hear more comments about the proposal for a permanent limit of two lawn-waterings a week throughout the district's 16 counties, which run from Key West almost to Orlando. For all the debate over the district's U.S. Sugar deal, the restrictions might affect even more people, and they have caused just as much outrage.

Some South Florida utilities, notably Seacoast in northern Palm Beach County, have promised to sue if the board approves the restriction. Seacoast Director Rim Bishop argued in a letter to The Post and in an interview that watering limits would not help conservation because rainfall still would be lost through drainage canals. Instead, he said, the limits would force utilities to raise rates on customers who use less water. The district board was supposed to have voted on the rule this week but delayed the vote for a month to hear updates on discussions between district staff and water users.

Deputy Director Chip Merriam acknowledges the district's contradictory role of providing water supply and flood control. He also notes that when the Legislature created the five water management districts nearly four decades ago, the districts became "trustees of the resource." Because of Florida's growth during the same period, the resource has become strained to the point where "we can't keep demanding groundwater for non-potable uses," such as lawn-watering. It can be 50 percent of a household's water use. "We need to have less gluttonous demand."

Mr. Merriam also makes a persuasive case that within this district and elsewhere in Florida, the emphasis is on smarter, more creative uses of water. Getting water to the Keys is expensive, so residents are considering modern forms of cisterns. In Northeast Florida, lawn-watering is allowed only once a week during winter because the grass is almost dormant, like northern lawns. While utilities in Palm Beach and Broward counties argue for fewer restrictions, those south of Orlando want more because of strains on the system. Miami-Dade County conserved nearly 40 percent of daily use when the county couldn't get a permit for more water.

Some utilities take water from shallow aquifers. Others drill down more than 1,000 feet. West Palm Beach relies heavily on surface water. Some people have their own wells. Prices vary from utility to utility. The water system, though, is interconnected and finite. At this point, the district still makes the better case for limits on lawn-watering.

Deal Good for Company, Florida

02/11/2009

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Palm Beach Post Commentary

By ROBERT COKER

U.S. Sugar was just as stunned as the public by Gov. Crist's bold proposal to acquire our company. We have farmed this land for nearly 80 years, and we have just invested hundreds of millions of dollars in making our sugar manufacturing operations the most efficient in North America. Our citrus operations already were the best in the world.

However, the governor was serious in his interest, and our board members agreed to listen. Twenty years' fractious history of Everglades disputes may have prodded their interest. Over the many months of discussions and negotiations, our company committed to a major shift.

Gov. Crist's vision that U.S. Sugar's land could provide a "legacy footprint" for Everglades restoration and revitalize the landscape of South Florida appealed to our long-term interests in this area. This "footprint" is a more appealing legacy for so proud and historic a company than farming interspersed with rock mining, development, landfills or other activities needed to maximize land value. Our 180,000 acres will provide opportunities for water storage and treatment that should enable remaining agriculture in the area to be sustainable as well.

As U.S. Sugar moved forward negotiating with the South Florida Water Management District, competitors have come forward to discredit the sale.

First, they attacked the purchase price. That attack failed because

the \$1.34 billion price was set dead in the middle of the two most recent independent, government real estate appraisals, which came in at \$1.37 billion and \$1.3 billion.

They then attacked the seven-year lease-back agreement. This lease-back allows the state to acquire the land now and still have it remain productive until the state is ready to construct restoration projects. There are three important things wrong with these attacks.

Those attacking the lease-back are the same competitor sugar farmers who had similar long-term state leases when the state purchased Talisman Sugar - leases that were \$0 per acre for many years.

Florida Crystals still leases tens of thousands of acres of Talisman property today for \$59 per acre. Plus, the water district pays Florida Crystals millions more to keep the land free of nonnative species.

Our lease requires that we pay based on gross acres. Most other agricultural leases, including Florida Crystals' current \$59-per-acre lease, pay only on net crop acres.

Most important, if the state tried to lease all 180,000 acres, there would be no market for much of the land. U.S. Sugar's rate takes into account the scale of this deal and the cost of increased environmental best-management practices. The district negotiated a fair deal, including the seven-year lease, which results in nearly \$100 million in lease payments and cost avoidance.

Closer to home, we understand the anxiety expressed by our employees, growers and communities. We have done several things to ease the situation. Our current and former employees who are also stockholders will receive an estimated \$365 per share from this sale. We have provided a severance of one to two years' pay for all employees who lose their jobs in the seven years from this transaction.

U.S. Sugar also provided in the contract that the water district immediately can transfer 3,000 acres of our land not under cultivation to local governments for economic development. Hundreds of acres could be transferred upon the sale closing in September. We encourage the governor, Legislature and state agencies to quickly develop a real economic transition plan for the community.

Keep in mind that the land-only transaction allows U.S. Sugar to retain ownership of the sugar/citrus processing facilities and railroad, ensuring that they will continue operating. This secures jobs and economic activity for our communities. Our railroad can economically deliver cane to the Clewiston mill, making the mill and railroad valuable assets, regardless of the land attached.

The water district's expert estimated that our railroad gives us a 90 percent transportation edge over competitors. Likewise, most citrus processing plants operate independently of grove ownership.

While U.S. Sugar has a signed contract, this is not completely a

done deal. We made our case for this acquisition to our board, and we soon must apply for stockholder approval. In the meantime, the law requires that we try to obtain better offers for our company.

Many other entities have expressed interest, now that we are a willing seller. Some have said they intend to make a better offer than the state. Should a superior offer emerge, we would accept that offer - provided that the South Florida Water Management District would have the right to match that offer. Finally, the district must secure funding for the acquisition.

That said, this acquisition is the biggest and best opportunity that ever will exist to bring 180,000 acres - nearly 300 square miles of historic Everglades - into public ownership at one time. Regardless of what people think of our motives, profits or problems, the fact is that many have had that same vision over the years, but Gov. Crist is making it happen.

Proposed Law Could Scuttle Everglades Land-Purchase Deal

02/11/2009

Sun Sentinel - West Palm Beach Bureau
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State legislators could use a bill filed Tuesday to try to cut off the money for Gov. Charlie Crist's \$1.34 billion Everglades land buy.

If approved, the bill would require that South Florida residents vote on whether to allow the South Florida Water Management District to borrow the money for what would be the largest public land buy in state history.

The deal proposed by the governor bypasses the Legislature and calls for the district to buy 180,000 acres of farmland from U.S. Sugar Corp. The land would be used to build reservoirs and treatment areas to reconnect water flows from Lake Okeechobee to the Everglades.

With the district paying for the deal, that means property taxes from residents in 16 counties from Orlando to the Keys would pay off a debt expected to grow to \$3 billion over 30 years.

State Sen. Michael Bennett, R-Bradenton, said he filed the bill to stop the blockbuster land deal, which comes amid a struggling economy and state budget crunch.

"Any water management district that has that much leeway should be brought under control," Bennett said Tuesday.

The new bill takes aim at a land deal environmental groups have hailed as essential to restoring the "missing link" in the River of Grass.

"This is a full-blown attack," Everglades Trust Chairman Thom Rumberger said about the proposed legislation.

The district's governing board in December approved a contract with U.S. Sugar but included a provision that it can back out of the deal before the September closing deadline if the cost proves too high.

The district "is respectful of the legislative process and continues to work closely with the Florida House and Senate," district spokesman Randy Smith said about Bennett's bill.

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Everglades Cleanup Threatened by Financial Crisis

02/10/2009

National Geographic Adventure

Drye, Willie

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Despite financial uncertainties and legal challenges, Florida officials are proceeding with a U.S. \$1.34-billion plan to restore the Everglades to something approaching its natural state.

The plan, to be decided by September, would see the state buy farmland, some of which would be converted into reservoirs, which would filter pollutants from water before it flows into the vast, troubled wetland. The purchase would encompass 180,000 acres (73,000 hectares) that the United States Sugar Corporation has used for decades to grow sugarcane in South Florida. (See [July 3, 2008].) Opponents of the Everglades plan, including sugarcane company Florida Crystals, say the deal would further strain government budgets already stressed by the recession and give an unfair subsidy to U.S. Sugar.

The Everglades, a UN World Heritage wilderness, includes Everglades National Park and thousands of miles of adjacent wetlands, mangrove swamps, and islands home to many species found nowhere else, some of them endangered.

The Everglades ecosystem has suffered from human activities over the past century, including agricultural pollution and drainage. Canals were dug decades ago to siphon water for rapidly growing cities and to create land suitable for development.

Everglades Doomed?

Florida officials want to use part of the U.S. Sugar property to build reservoirs to purify water before releasing it into the Everglades. Another sizable chunk of the land could be leased to agribusinesses for farming.

If the state does not buy the land, many conservationists say, the Everglades could be doomed.

"The purchase is more than important," said Tom Van Lent, senior scientist for the Everglades Foundation in Miami. "It's absolutely

essential."

But even with the support of Florida Governor Charlie Crist, who helped craft the deal with U.S. Sugar last summer, the deal faces hurdles.

For starters, the current sluggish economy has choked tax revenues and made it difficult and expensive to borrow money.

And the Florida government, which has no state income tax and relies on property taxes for much of its budget, is facing drastic shortfalls because of plummeting property values across the state.

To fund the purchase, the state government's South Florida Water Management District would sell bonds to Wall Street investors.

But a recent report issued by Black & Veatch, an engineering and construction company based in Kansas, noted that there is much uncertainty about whether government-backed bonds will sell in the current market.

Interest Rates a Concern

Ken Ammon, the management district's deputy executive director, told National Geographic News that his agency will know by this summer—a few months before the September 25 decision date—whether it can go forward with the deal. "Our biggest concern is interest rates," Ammon said.

"We're hoping that in the very near future, [they] will come down." Lower interest rates would make it less expensive for the agency to pay back the loans it plans to receive by selling the bonds to investors.

Plan proponents are also hoping President Obama's new administration will steer federal money to the restoration effort. In 1989 Congress approved a plan for Everglades restoration projects to be jointly funded by Florida and the federal government. But while Florida has moved ahead with restoration work, federal money has been stalled.

Legal Challenges

Even if financial obstacles are overcome, a legal challenge looms.

The purchase plan would allow U.S. Sugar to lease a portion of the land at a reduced rate and keep farming for seven years—an arrangement that would give U.S. Sugar an unfair competitive edge, rival sugarcane grower Florida Crystals contends in a legal filing from December 2008.

And in January, Florida Crystals filed a complaint asking a judge to halt the deal, because, the company says, the South Florida Water Management District will be financially unable to meet its water-quality obligations if it buys the U.S. Sugar property.

But an existing state agreement with U.S. Sugar allows the management district to back out of the purchase if the expenditure would make it impossible for the agency to meet its responsibilities.

Van Lent, the Everglades Foundation scientist, thinks that, in the

long run, buying the U.S. Sugar property is the best way to restore the Everglades.

"With the U.S. Sugar purchase, the restoration will begin much sooner," Van Lent said. "And we can have a more reliable plan than we ever could before."

