

SFWMD

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New Sugar plan this week?

03/31/2009

Palm Beach Post - Tallahassee Bureau
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Gov. Charlie Crist this morning confirmed details we reported last week (here and here) that he's hoping to buy 75,000 acres from U.S. Sugar for Everglades restoration instead of 180,000. He said he could announce details as soon as tomorrow or Thursday.

"My goal is to be able to hit the sweet spot, no pun intended, and really target in on the acreage that's important to be able to be successful in reconnecting the lake to Florida Bay, to the Everglades and then maintain an opportunity to expand on it when the economy turns around," Crist said today.

"I think we're on the path to that. But we should be able to let you know tomorrow or Thursday for sure."

Crist to unveil slimmed-down sugar plan aimed at "sweet spot"

03/31/2009

Sun Sentinel

Aaron Deslatte

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By Aaron Deslatte, Tallahassee Bureau

TALLAHASSEE -- Gov. Charlie Crist's office will release a scaled-back plan to buy out U.S. Sugar Corp.'s lands shortly that calls for purchasing only a-third of the original acreage at a significantly lower price.

The original plan to buy 181,000 acres of land for roughly \$1.34 billion has simply become untenable in the current financial environment, the governor told reporters Tuesday.

"I'm encouraged," Crist said. "I think you will see it reduced in size (to) probably about 75,000 acres and the reason is obvious, I think: the economy is what it is. I mean there's less money out there."

Crist said the re-structured arrangement would be released Wednesday or Thursday and would allow the state and South Florida Water Management District the option of buying the rest of the land at a later date when the economy improves.

"My goal is to be able to hit the sweet spot, no pun intended, and really target in on the acreage that's important to be able to be successful in reconnecting the lake to Florida Bay, the Everglades," Crist said, "and maintain an opportunity to expand up on it when the economy turns around."

Crist wouldn't say what the new price tag would be, although the Sun Sentinel has reported it could be reduced to \$500 million.

Crist said the new asking price was "a lot less than it was before."

U.S. Sugar Deal May Be Downsized

03/30/2009

Okeechobee News

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The purchase of U.S. Sugar by South Florida Water Management District (SFWMD) for Everglades restoration may not be as sweet a deal as originally announced.

In response to published speculations that economic conditions have forced the sale to be downsized from 180,000 acres to 75,000 acres, Deena Reppen, SFWMD's deputy executive director for governmental and public affairs, admitted that high level talks are going on.

Her remarks came during the Friday, March 27 meeting of the County Coalition for Responsible Management of Lake Okeechobee, St. Lucie and Caloosahatchee Estuaries and Lake Worth Lagoon. This organization is made up of county commissioners representing 10 counties in South Florida.

The assembled commissioners also heard a report on the condition of Lake Okeechobee by Susan Gary of SFWMD and a report on the rehabilitation of Herbert Hoover Dike by Ingrid Bon of the U. S. Army Corps of Engineers (COE).

Ms. Reppen told the commissioners that they would be informed of any decision made. She also said that any proposed changes would have to be approved by the SFWMD Board of Governors. The sale was to originally consist of all U.S. Sugar's assets of 180,000 acres for \$1.34 billion. Speculation is that the sale would be reduced to 75,000 acres. Lee County Commissioner Ray Judah expressed the opinion that if the sale were reduced to 75,000 acres, there would not be enough land for water treatment. He said that amount of land would be needed for water storage alone.

Ms. Reppen said the sale is proceeding toward a closing date of Sept. 25.

Of the 180,000 acres under consideration, certain tracts would be available for local government use. Pahokee, Belle Glade, South Bay Clewiston and the Florida Inland Navigation District have requested tracts of land.

Hendry County Commissioner Kevin McCarthy noted that if the sale were reduced to 75,000 acres, the lands being considered for local government use would not be involved in the sale. If the originally announced 180,000 acre sale goes through, all land in sugar production could be leased back to U.S. Sugar for seven years. Mr. McCarthy said that in that case the lands being considered for local government use are in sugar cane production and would not be available for seven years.

Ms. Reppen addressed the concern expressed about the economic impact of the sale on the area. In this year's budget she said SFWMD has set aside \$2 million from projects and salary to

fund capital improvements and infrastructure in the local communities affected by the sale. There is also a potential for other sources of funds to help the communities involved offset the loss of income that would be caused by the closing of U.S. Sugar. The governor's proposed fiscal year 2009/10 budget contains \$5 million to help areas impacted by the land acquisition. The governor's Office of Tourism Trade and Economic Development has visited the area to be impacted and is working to provide economic assistance.

Turning from the acquisition process, Tom Teets, Everglades policy manager gave an overview of the process to develop a plan to use the land once it is acquired. Public meetings were held to get the input of all interested parties. Next modeling will be done to look at different configurations of land possible. In June a draft of possible configurations will be presented to the SFWMD Governing Board. The draft will be refined in July and a final draft of land configuration and preliminary costs will be given to the board of governors in August before the closing in September.

Dr. Susan Gray of SFWMD urged water conservation noting that rainfall in the 16 county area served by SFWMD is below average and more dry weather is expected. She said that Lake Okeechobee has a resurgence of submerged vegetation and the quality of the lake water is improving. She said water quality is fairly good for this time of year. However, she said the salinity levels are increasing in the St. Lucie River.

Turning to dike rehabilitation, Ms. Bon noted that the lake can fill up six times faster than water can be let out. The dike was completed in 1962. In the 1980s COE began to see problems with it. In the 1990s studies were done and in 2005 construction was started on dike rehabilitation. After Hurricane Katrina, further study was done. The section between Port Mayaca and Belle Glade is being rehabilitated now by installing cutoff walls in the center of the dike to prevent seepage. This section is scheduled to be completed by 2013. The Moore Haven to Belle Glade section is scheduled rehabilitation next.

Commissioner Judah expressed his thanks that SFWMD and COE were working together to try to restore the pulse releases to the Caloosahatchee River in response to higher salinity level.

Commissioner Russell Echols of Glades County thanked SFWMD for their help with the Moore Haven and Pierce Canal projects.

Dunnellon cuts Feeney loose

03/30/2009

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Dunnellon, it turns out, doesn't need a lobbyist in Tallahassee after all - even if it is a former congressman. The City Council voted unanimously last week to ask former U.S. Rep. Tom Feeney not to lobby state lawmakers on its behalf in an effort to acquire all or part of the Rainbow River Ranch, a 280-acre site with 5,000 feet of waterfront property along the iconic Rainbow River's east bank. The city and the developer have been at odds for years over the developer's plan to build 300 homes there. But in recent years state efforts to purchase the property have proven fruitless.

Feeney is a partner in the Orlando law firm of Fowler O'Quinn Feeney and Sneed, which represents Dunnellon in its legal matters.

It seems Bill Bailey, Dunnellon's former city manager, had asked the firm to have Feeney represent the city in the effort to obtain Rainbow River Ranch, his only project, and Feeney had registered as Dunnellon's lobbyist as the Florida Legislature opened its session.

But the issue was never brought to the council for further consideration,

and at a meeting in early March, some members seemed surprised to learn that Feeney, a former speaker of the Florida House of Representatives and three-term Republican member of Congress, was the city's lobbyist in Tallahassee. Skip Fowler, Feeney's law partner, has said Feeney registered

Dunnellon as a client as a precaution in order to be in complete compliance with state laws regarding lobbying.

The city would have been billed \$255 an hour for Feeney's services, according to Fowler.

At a March 18 workshop, Fowler told the council that Feeney had conducted some preliminary talks with House Speaker Larry Cretul, R-Ocala, and other top lawmakers to push the acquisition. Despite Feeney's being "very well received" in Tallahassee, and his desire to take advantage of an "enormous asset" at his disposal, Fowler said it was unlikely the deal would progress very far. It is, he noted, a "tough budget year" and the state's proposed \$1.34 billion deal to purchase property owned by U.S. Sugar Corp. to restore the Everglades "was sucking up a lot of the otherwise available monies." Subsequently last Monday, the council voted 4-0 to "rescind any directive" from it to the firm for Feeney to lobby on its behalf.

While the prospects of success and funding were two issues raised in the council's decision, Councilwoman Louise Kenny, who initially had raised the issue, said at the council workshop that finances were not her primary concern.

Rather she was more worried about the process and whether there would be any benefit to Dunnellon of utilizing Feeney.

The board did agree to reconsider using Feeney to lobby in the future.

Recession severely curtails state's plan to buy Everglades sugar land

03/27/2009

Orlando Sentinel
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A worsening economy has the state moving closer to a scaled-down Everglades land deal with U.S. Sugar Corp., one that could cost up to \$800 million less and cover less than half as much land.

Gov. Charlie Crist had been pushing for a \$1.34 billion deal to buy 180,000 acres of farmland that would be used to restore water flows from Lake Okeechobee to the Everglades.

A new version being considered would cost about \$500 million and include 75,000 to 80,000 acres, according to the chairman of the South Florida Water Management District -- the agency charged with leading Everglades restoration.

"The [\$1.34 billion] deal as written clearly has got affordability issues," district Chairman Eric Buermann said Thursday. "The real issue is: Can you get by? And is it meaningful to do something less?"

'Still a transaction that works'

U.S. Sugar officials would not comment on the details of a scaled-down deal, but for weeks have acknowledged that the struggling economy, and the corresponding drop in tax revenue, could lead to reworking the deal with the state.

"Our company is working actively with the water-management district and the Governor's Office," U.S. Sugar Senior Vice President Robert Coker said Thursday. "There is still a transaction that works."

The \$1.34 billion deal called for the district to use the farmland to build a series of reservoirs and treatment areas to store, clean and direct stormwater to what remains of the Everglades.

A scaled-down deal is better than nothing, according to the Everglades Foundation, which supports the restoration plans. Purchases of additional U.S. Sugar land could be phased in over time, foundation CEO Kirk Fordham said. The foundation contends that it will take about 130,000 acres to store enough water needed to restore the Everglades.

"We can't get there in one step," foundation scientist Tom Van Lent said. "That should remain the ultimate goal."

Crist's original proposal: \$1.75B

Crist in June first proposed a blockbuster \$1.75 billion deal to buy all of U.S. Sugar's land, sugar mill, rail lines and other facilities to clear the way to use land that was once part of the Everglades to restore water flows to the River of Grass.

In November, the governor scaled down the plans to a land-only deal for \$1.34 billion. U.S. Sugar would lease back most of the land and keep farming for at least seven years.

Another change to the deal would require the approval of the district's board, which is appointed by the governor.

The district is still trying to secure the financing for the \$1.34 billion deal, which has a September closing deadline.

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Crist set to pare Everglades land deal

03/27/2009

Sarasota Herald-Tribune - Online

PAUL QUINLAN and MICHAEL C. BENDER Cox News Service

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WEST PALM BEACH - Gov. Charlie Crist is scaling back considerably his extraordinary bid to save the Everglades, as a worsening economy has rendered the \$1.34 billion deal with U.S. Sugar Corp. unaffordable, people familiar with the negotiations say.

The revised deal could drop the price to around \$500 million, people familiar with the discussions said Thursday.

One person told The Palm Beach Post that the state is hoping it can still acquire at least 75,000 acres from U.S. Sugar. That could include 30,000 acres of citrus groves west of Clewiston that the company wants to unload, plus 45,000 acres south of the lake that would suit the restoration goals.

Crist has yet to announce details, but he acknowledged Wednesday that the deal is being modified. 'The facts have changed,' Crist said, adding that an announcement could come in days. 'The economy is what it is.' But one critic said Thursday that the dramatic downsizing shows once again the folly of the purchase, which the South Florida Water Management District had planned to finance by borrowing \$2.2 billion. 'It shows that there is no plan,' said Dexter Lehtinen, an attorney for the Miccosukee Indian tribe. 'It keeps changing all the time -- not based on the need for restoration but based on what's politically and financially possible. And that's bad for the Everglades.' The Miccosukees, who live, hunt and fish in the Everglades, argue that the deal's enormous costs would prevent the state from carrying out other essential restoration initiatives.

U.S. Sugar Senior Vice President Robert Coker declined to comment Thursday, other than to say that work on the deal is continuing. 'Any announcements regarding any change to the transaction will be made by the district or the governor's office,' Coker said. 'Our company is continuing to work with both the parties during these economic times to ensure the transaction meets everyone's goals. We are confident that a transaction will move forward.' The blockbuster land deal has already shrunk once

since last summer, when Crist announced a \$1.75 billion buyout of the Clewiston-based farming giant -- land, railroads, refinery and all.

Crist changed course in November, saying the state would pay \$1.34 billion solely for the company's land, a 180,000-acre swath hugging the southern rim of Lake Okeechobee.

The reason for downsizing: Crist's historic plan has coincided with a historic plunge in property values.

Property tax collections next year in the 16 counties that make up the South Florida Water Management District, the state agency financing the purchase, are expected to drop by an unprecedented 15 percent.

The agency would have to slash its operating budget by 25 percent to make the sugar deal's estimated annual payment of \$109 million, the district's staff told board members earlier this month. 'If they want to deal in reality, they may have to look at the possibility that they have to buy something less or something different or on different terms,' said Eric Buermann, who chairs the water district board and remains a staunch proponent of restoration, albeit a smaller version.

As a rough estimate, he said the price would have to come under \$1 billion.

Architects of the deal say the governor's vision -- acquiring a significant amount of farm acreage in the historic Everglades as a step toward restoration -- would remain uncompromised. 'It might be morphing, but it's not imploding,' J.M. 'Mac' Stipanovich recently said of the deal. The prominent Tallahassee lobbyist works for U.S. Sugar and helped broker the purchase. 'There are discussions under way to make the deal fit the economic reality.' The U.S. Sugar deal will largely define Crist's legacy, regardless of the outcome.

But key obstacles remain. For instance, Crist and his negotiators have so far failed to enlist the cooperation of rival sugar grower Florida Crystals Corp.

Originally, the state's planners said Crystals' land south of U.S. Sugar's cane fields would be critical to restoring the 'missing link' of flowing water from Lake Okeechobee down through the Everglades.

But Stipanovich and others say Crystals has proven difficult to deal with and now plays no part in the new arrangement.

Crystals continues to wage a court battle to block the state from issuing the needed \$2.2 billion in bonds, questioning the deal's public purpose and painting it as a taxpayer-funded subsidy of U. S. Sugar.

Mike Sole, secretary of the state Department of Environmental Protection, said this week that a revised deal would not stop the state from healing the environment and creating a stable source of drinking water for South Florida. 'We've always said, always said, that we don't need all the acres,' Sole said. 'We're working every day to make sure this thing works.'

DJ ICE FCOJ Review Slight Loss; Prices Hold In Range

03/27/2009

Dow Jones Commodities News Service

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DOW JONES NEWSWIRES

Mar 27, 2009 (Dow Jones Commodities News via Comtex) -- Frozen concentrated orange juice futures closed slightly lower Friday on spillover speculative selling linked to overall commodity weakness and a strong dollar.

May FCOJ on ICE Futures U.S. lost 20 points to settle at 77.10 cents a pound, near the 77.25-cent session high.

Much of the selling pressure was attributed to widespread commodity losses, led by a rallying U.S. dollar and sharp losses in key markets such as crude oil, traders said.

Orange juice continues to congest at the upper end of its trading range, with little in the way of new fundamental input to drive prices in either direction.

Some of the pressure may have been related to forecasts for rain over parts of the Florida citrus belt this weekend, although widespread coverage is not anticipated. Showers and scattered thunderstorms Saturday night into Sunday are expected to bring 0.10-0.50 inch of badly needed rain, DTN Meteorlogix said.

The rain will help alleviate drought conditions temporarily, but much more is needed to keep the region from falling deeper into drought.

Florida Governor Charlie Crist is expected to dramatically downsize the state's proposed buyout of U.S. Sugar Corp. because of budget constraints, The Associated Press reported. The state had been working to finance the purchase of 180,000 acres of land in the Everglades from U.S. Sugar in a deal that was widely hailed by environmentalists hoping to restore the wetlands area. Now the total purchase may be closer to 75,000 acres.

Meanwhile, U.S. Sugar continues to accept offers from other companies interested in buying it, which could cause the entire deal with the state to crumble, The AP reported.

Technically, May juice finds resistance at Wednesday's 77.80-cent high, with additional resistance near 78.12 cents and 78.25 cents a pound. After that, the Feb. 4 79.50-cent high serves as a target for bulls.

Nearby support is uncovered at 76.00 cents, the down-side gap from 74.25-73.95, then near 72.50 cents.

ICE open interest rose 155 Wednesday to total 27,425 contracts.

Futures volume was estimated at a light 527 contracts traded,

with 155 calls and 189 put options traded.

ICE Settle Change Range (At time of settlement) May \$0.7710 dn
20 \$0.7625-\$0.7725 July \$0.7920 dn 40 \$0.7860-\$0.7925

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