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THE U.S. SUGAR SALE: Champagne-toast moment soured by lingering issues

Palm Beach Post Editorial

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South Florida Water Management District Governing Board Chairman Eric Buermann asserted Tuesday that the board majority acted courageously by voting to buy U.S. Sugar's land for \$1.34 billion. In fact, demanding better terms at the risk of losing the land would have been courageous.

The four-member majority didn't address any of the contract's many weaknesses that they themselves acknowledged. Most notably, the district is paying too much while giving U.S. Sugar a bargain, seven-year land lease. The majority insisted on just one change, which makes it easier for the district to back out of the deal for financial reasons before closing next September. U.S. Sugar immediately accepted the change as a "nonmaterial modification," a reaction that shows how badly U.S. Sugar wanted this deal and how badly the public was represented during negotiations.

Even the board member casting the deciding vote, Disney World executive Jerry Montgomery, suggested that hard negotiations remain to "see if we can craft a deal that works." One issue will be whether the district could renegotiate the deal's central terms between now and September to avoid invoking its financial escape clause.

U.S. Sugar deal



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Mr. Montgomery made clear that he would not tolerate the key mistake of past negotiations. The district, not Department of Environmental Protection Secretary Michael Sole, must lead the new talks. Mr. Sole's role as lead negotiator of the contract would have been understandable with state money at risk. But taxpayers in the water district's 16 counties will pay the cost, which is so high that the district might have to cut spending on other Everglades projects.

Given an opportunity to defend the terms of the deal, Mr. Sole instead read to the governing board a letter from Gov. Crist - his boss, and the deal's champion - that all board members had received. Mr. Buermann acknowledged Wednesday that the board never had asked district staff for a recommendation on the deal. "The board," he said, "did what the staff usually does."

Admittedly, U.S. Sugar's 180,000 acres around Lake Okeechobee would give the district Everglades restoration and urban water supply options that could not be delivered any other way. That depends on the district getting Congress to pay its agreed-upon 50 percent of restoration costs. Failing that, the district will face tough choices next summer about whether to complete the buyout.

But the deal has problems beyond price. To make Everglades restoration work, the district needs to swap U.S. Sugar land for land owned by surviving sugar giant Florida Crystals. The deal could give the district leverage. But under its sweetheart lease, U.S. Sugar can continue to farm its land for seven years, undermining the district's leverage. Can the district still get Florida Crystals to commit now to land swaps far in the future?

This historic deal was handled badly, souring what should have been a champagne moment. A non-district person led negotiations. The board learned Tuesday for the first time about "golden parachutes" for U.S. Sugar executives and split over key contract terms until the final hour. But the board couldn't make changes under a take-it-or-leave-it provision that benefits U.S. Sugar. A weak company may get top dollar for its land because the board couldn't resist the potential benefits, no matter the cost.

A deal this big requires unanimous, unequivocal support. Mr. Montgomery is right that more work needs to be done.



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