

Compiled by: South Florida Water Management District
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Financial crises impede U.S. Sugar land deal

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NAPLES — “It’s like handling a Rubik’s Cube on steroids with all the parts moving on it.”

— Charles Dauray, South Florida Water Management District Governing Board member

It’s too early to say how turmoil in the U.S. financial markets might affect a proposed deal to buy out U.S. Sugar for Everglades restoration, a South Florida Water Management District Governing Board member said Wednesday.

An army of experts is neck-deep in negotiating the estimated \$1.75 billion deal that could provide a missing link in restoring water flows from Lake Okeechobee to the River of Grass and change sugar farming towns on the lake’s edge forever.

Putting the massive deal together already is hugely complicated but the credit market crunch is adding another level of uncertainty, Governing Board member Charles Dauray told a Chamber of Southwest Florida meeting Wednesday at Hodges University in Fort Myers.

“It’s like handling a Rubik’s Cube on steroids with all the parts moving on it,” said Dauray, who represents Southwest Florida on the Governing Board.

Officials are working to bring a contract and financing documents to the Government Board for review later this fall, but an exact date has not been set.

Talk of a buyout comes as Congress weighs a \$700 billion bailout to rescue financial institutions awash in bad debt.

Treasury Secretary Hank Paulson and Federal Reserve Chairman Ben Bernanke are on Capitol Hill this week warning that failing to pass the rescue plan will strangle the credit markets with calamitous consequences for the economy.

The water management district is proposing to borrow money to finance the U.S. Sugar buyout by issuing Certificates of Participation, a type of revenue bond.

Even before the bailout proposal, the water management district hired New York-based Duff & Phelps to scrutinize the financial aspects of the deal.

Dauray, chairman of the Governing Board's audit and finance committee, said he doesn't think the credit market's problems will doom the U.S. Sugar buyout.

"The people of South Florida are being presented with what may very well be a once-in-a-lifetime opportunity," Dauray said.

Among the 80 people who attended the Chamber meeting on Everglades restoration, fishing captain Bob Pascale said he hoped the water management district could pull off the buyout.

The U.S. Sugar land will provide water managers with vast water storage areas that will help reduce damaging discharges from Lake Okeechobee down the Caloosahatchee River and to the Gulf of Mexico.

The region's economy depends on clean water, said Pascale, director of the nonprofit People United to Restore Our Rivers and Estuaries, or PURRE.

"It's the only chance we have," Pascale said.

Former Chamber chairman Joe Wheeler agreed there is a link between a healthy environment and a healthy economy.

Wheeler, Fort Myers market president for CNLBank, said he's leery of the U.S. Sugar buyout until the water management district can get more specific about how the land will help Everglades restoration.

"I don't think that's been fully explained," Wheeler said.

SFWMD budget for 2009 underscores environmental commitment

09/25/2008

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At a public hearing tonight, the Governing Board of the South Florida Water Management District (SFWMD) adopted a \$2.97 billion budget for Fiscal Year 2009 (Oct. 1, 2008 –Sept. 30, 2009). The budget returns an estimated \$24.3 million to South Florida taxpayers through the implementation of Amendment 1, while continuing to fund the agency's flood control and water supply missions as well as its continued progress to restore the Everglades.

'Through our belt-tightening efforts and prudent financial management, we have achieved a fiscally responsible budget that puts every dollar to maximum use,' said Eric Buermann, SFWMD Governing Board Chairman. 'This budget allows us to deliver financial savings while also delivering the many benefits of water management to the District's 7.5 million citizens and the South Florida environment.'

The approved \$2.97 billion budget includes a significant investment in the environment this year: \$1.75 billion in Certificate of Participation funding for the proposed acquisition of land and assets from United States Sugar Corporation for the purpose of Everglades restoration. As a result of this historic opportunity, a full 87 percent of the FY09 budget is dedicated to this and to environmental restoration projects benefiting the Everglades, Lake Okeechobee, Kissimmee River and coastal watersheds.

'We recognize the investment required to accomplish this landmark Everglades restoration purchase,' said Chairman Buermann. 'We also recognize this opportunity as the most important environmental acquisition the District may ever undertake—one that will benefit Floridians and a unique national treasure for generations to come. We thank Governor Crist for his inspiration in this historic endeavor.'

The approved 2009 budget reflects a \$24.3 million reduction in property tax revenues, in comparison with the current year. Additionally, the budget is in line with Governor Crist's direction to emphasize projects that are results-oriented and meet the planned, long-term needs of the region, with a goal to stimulate economic development in local communities.

Prior to tonight's budget-approval action, the FY2009 budget was reviewed by the Governor, the Department of Environmental Protection and the Chairs of both the House and Senate Appropriations Committees.

In a letter to the Senate Committee on General Government Appropriations, Chairman Buermann reiterated the District's considerable steps to reduce administrative and operational spending, improve efficiency and direct revenue toward project construction to both restore the environment and improve the quality of life for Floridians.

'Our cost-saving efforts are allowing the District to inject more revenues back into turn-dirt projects that directly improve water quality, develop water supplies, enhance the environment, provide flood protection and expand services for our communities,' Chairman Buermann said.

The District's annual budget is funded by a combination of ad

valorem (property) taxes, and by other sources such as federal and state revenues, permit fees and the Everglades Agricultural Area privilege tax. Less than 20 percent of the total 2009 budget comes from property taxes.

The approved tax rates, unchanged from Fiscal Year 2008, represent 62.4 cents per thousand dollars of value in 15 of the District's 16 counties (the Okeechobee Basin). For example, a home with a taxable value of \$200,000 (assessed value of \$250,000, less the \$50,000 homestead exemption) would see a total District tax bill of \$124.80. For Collier County and mainland Monroe County (the Big Cypress Basin), the tax rates represent 48.14 cents per thousand. A similar home in this region would see a tax bill of \$96.28.

For the 16th consecutive year, the South Florida Water Management District has been recognized by the Government Finance Officers Association of the United States and Canada (GFOA) with its Distinguished Budget Presentation Award—the highest form of recognition in governmental budgeting. It is the highest honor bestowed by the GFOA. For the past two years, the agency received both the Distinguished Budget Presentation Award and a Special Capital Recognition for its annual budgets.

