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Total Clips: 6

Headline	Date	Outlet	Reporter
US Sugar Land Deal is Fair, Economist Says	01/29/2009	Naples Daily News	Whitehead, Charlie
River of Grass Restoration Reserve	01/29/2009	Florida Sportsman	Wickstrom, Karl
 Study Sugar land lease in line with market rates	01/29/2009	Palm Beach Post - Online	Salisbury, Susan
ENVIRONMENT Analysis of U.S. Sugar land buy criticized	01/29/2009	Miami Herald	Morgan, Curtis
 Statement from George H. Wedgworth, CEO Sugar Cane Growers Cooperative	01/28/2009	PR Newswire	
 Economist U.S. Sugar deal is 'reasonable'	01/28/2009	South Florida Business Journal - Online	

US Sugar Land Deal is Fair, Economist Says

01/29/2009
Naples Daily News
Whitehead, Charlie

[Return to Top](#)

Buying out U.S. Sugar and then leasing the land back to the company at \$50 an acre is a good deal.

That's the word from Henry Fishkind, an economist hired by the Everglades Trust to study the proposal. The governing board of the South Florida Water Management District approved the purchase of 182,000 acres for \$1.34 billion in December by a 4-3 vote with opponents, including local board member Charles Dauray of Estero, questioning the economics.

Wednesday, Fishkind questioned the assumptions used by appraisers reviewing the deal for the district.

"There are a number of factors I don't believe the appraisers accounted for," he said.

Among those is the sheer size of the lease, the relative productivity of the land to be leased and the proximity of the land to infrastructure.

Fishkind said he saw leases of sugar land ranging from \$50 to \$450 per acre. The proposed lease includes more than 156,000 acres of sugar cane, he said.

"It's enormous," he said.

Fishkind said critics should also keep in mind the lease was not negotiated in a vacuum; if the lease price went up, he said, likely so would the purchase price.

Thom Rumberger, chairman of the Everglades Trust, said Fishkind was hired to provide an outside opinion of the lease. The economist's report was distributed to legislators and water district governing board members.

"To render an opinion outside the government and ourselves," Rumberger said.

In a statement, however, the Sugar Cane Growers Cooperative of Florida called the trust "a moving force behind the acquisition" and questioned Fishkind's objectivity.

"An economist hired by those promoting the U.S. Sugar Corp. 'bailout' says that \$50 per acre is fair," the statement said. "But the appraisal on which the purchase is based says the land should lease for \$200-\$220 an acre."

Co-op spokeswoman Barbara Miedema said the co-op is still waiting for an answer to its offer to lease 15,000 acres of the land for \$150 per acre.

Miedema said other co-op members — there are 47 who raise cane on 60,000 acres — would be interested in leasing land as well.

"We have members who wanted to explore it and have a transparent, open process," she said.

The statement said rather than release a "bought-and-paid-for" economic study, U.S. Sugar should make public all its leases so the public could do its own comparison.

Rumberger pointed out that the leased land could not be restored immediately by the government, and U.S. Sugar would be responsible for maintaining the land using "best management practices."

"I think the rest of the community will come to the conclusion it's not outrageous," he said.

Brad Cornell, spokesman for Audubon of Southwest Florida, said he hasn't seen the new study and cannot comment on what it says. He said the organization supports the overall purchase package.

"It's hugely in the public benefit to do all the components of the deal," he said. "If you look at it by itself some pieces may be problematic, but you have to look at the context."

River of Grass Restoration Reserve

01/29/2009

Florida Sportsman
Wickstrom, Karl

[Return to](#)
[Top](#)

River of Grass Restoration Reserve

Meeting in Stuart will discuss Restoration Reserve on land south of Lake Okeechobee.

The Rivers Coalition, www.riverscoalition.org, will discuss a proposal that would establish a "restoration reserve" on Big Sugar-owned lands the state of Florida is considering buying. The meeting starts at 11 a.m. on Thursday, Jan. 29 at Stuart City Hall on Flagler Ave.

State plans include buying 180,000 acres of polluted sugar land in order to restore the original flow of Everglades' River of Grass. The restoration reserve would be made up of restored wetland for the public to use for hiking, fishing, kayaking, birding, duck hunting, and conservation and education centers.

See Karl Wickstrom's Openers column www.floridasportsman.com/confron/openers/0902 in the February Florida Sportsman to learn more about this potentially unique new reserve.

Proposing a Unique New Reserve

The people of Florida have a truly amazing opportunity.

Purchase 180,000 acres of overdrained and tainted sugar land in order to restore Mother Nature's long-lost River of Grass.

That's a dream we've nurtured for a half-century.

The deal to buy U.S. Sugar's property will reconnect Lake Okeechobee to the Everglades, save the estuaries from horrendous discharges, rebuild ground-water systems and reduce phosphorous fertilizer pollution by hundreds and hundreds of tons.

Those benefits alone are more than enough to justify the buy, at a price that will be viewed as a can't-miss bargain compared to the public good.

And we'd suggest this icing on the cake:

The River of Grass Restoration Reserve

This new Reserve could transform the immense property (the size of many state parks combined) into a natural wonderland, while at the same time provide vitally needed basic benefits of the Missing Link flowway.

Imagine a network of waterways offering all kinds of public uses, such as:

- Many miles of canoe and kayak access
- Nature trails rarely enjoyed anywhere
- World-class birding drawing millions
- Extraordinary freshwater fishing
- Duck hunting supreme in certain areas
- Vistas of Glades life in large scale
- Important educational centers

Lake communities could benefit in many ways. It could be a significant part of a needed economic program to aid folks on the south side of the lake.

The Reserve idea hatched after we visited Guana Reserve just north of St. Augustine. Guana covers 55,000 acres and offers many of the same features envisioned for the River of Grass Reserve. Take a look at www.nerrs.noaa.gov/GTM.

It's exciting to think of the possibilities.

First, of course, we must acquire the sugar land.

There are naysayers picking at details of the purchase. The hidden hand of certain agricultural interests is in the background. And some observers worry that U.S. Sugar owners will make an undeserved bundle in the deal.

Actually the price equivalent to \$7,000 an acre is something the public can live with, especially considering that there is no real alternative.

The contract closing is slated for later this year.

Get it done, we say, and tie in the Restoration Reserve that would gain world- wide appeal and significance.

Study Sugar land lease in line with market rates

01/29/2009

Palm Beach Post - Online
Salisbury, Susan

[Return to
Top](#)

Taxpayers would get a fair bargain from a controversial lease that's at the heart of the state's proposed \$1.34 billion land deal with U.S. Sugar Corp., according to a study released Wednesday by an environmental group that supports the purchase.

Orlando economist Henry Fishkind, hired by The Everglades Trust, said he has concluded that the proposed \$50-per-acre annual lease is consistent with normal market rates.

The lease would allow Clewiston-based U.S. Sugar to continue farming on its 182,474 acres for the next seven years, even after selling the land to the South Florida Water Management District. The seventh year of the lease would be rent free.

The trust and other environmental groups say the land - mainly around the southern rim of Lake Okeechobee - is crucial to fulfilling the state's hopes of restoring the Everglades.

But critics have called the rate well below market norms. They also point to appraisals commissioned by the district that said the going rate for the U.S. Sugar land should be \$200 an acre per year.

Fishkind disagreed, saying the appraisers did not account for a number of factors - especially 'the extraordinary size of the property to be leased.' On the open market, he said, it is unlikely that such a large amount of land could fetch \$200 per acre a year. He said he also found that farming leases around the state generally range from \$50 to \$450 per acre per year.

Critics from rival sugar companies repeated their argument that others should get to bid for the chance to lease the land from the state. 'Economists don't determine the lease value of the land,' said Barbara Miedema, spokeswoman for the Sugar Cane Growers Cooperative of Florida. 'It is up to the free market.' Miedema said the co-op's offer to lease 15,000 acres for \$150 an acre per year still stands.

Gaston Cantens, vice president for West Palm Beach-based Florida Crystals Corp., said he agrees with the appraisals done by 'real appraisers' who found values much higher than what Fishkind's study found. 'I know there are a lot of farmers who would love to get their hands on that land,' Cantens said. 'The only way to find out what the land leases are truly worth is to put it out for a competitive bid.'

ENVIRONMENT Analysis of U.S. Sugar land buy criticized

01/29/2009

Miami Herald

Morgan, Curtis

[Return to
Top](#)

A new economic analysis argues that a controversial lease-back included in the \$1.34 billion U.S. Sugar land buy for Everglades restoration isn't the sweet deal that rival growers say it is.

The report concludes the \$50-an-acre rate the company will pay to farm its own land is "reasonable" -- a not-unexpected finding considering the study was commissioned by the Everglades Trust, an environmental group that has championed the purchase.

Thom Rumberger, a Tallahassee attorney who chairs The Everglades Trust, said the analysis factored in elements beyond the going rate for surrounding lands, which state-hired appraisers found fetch \$200 an acre annually.

"You have to look at this as a package deal," Rumberger said. "It's the environmental benefits and the economic benefits all rolled into one."

Rival growers, who contend the lease will give U.S. Sugar an unfair business advantage, scoffed at the study from economist Henry Fishkind, principal in an Orlando consulting firm.

"Instead of trying to renegotiate to get a better deal for taxpayers, everyone is running around trying to justify the prices," said Gaston Cantens, a vice president for Florida Crystals.

Appraisers hired by the South Florida Water Management District, which negotiated the deal with U.S. Sugar, put the value of the seven-year leases to U.S. Sugar at about \$300 million.

George Wedgworth, president of the Sugar Cane Growers Cooperative, a group of smaller farmers, dismissed the study as "bought and paid for" and called for open bidding on the 156,000 acres of sugar fields. The cooperative has offered to lease some of the tracts for \$150 an acre.

Fishkind's report said state appraisers left out some key factors, including agreements from U.S. Sugar to cut fertilizer use, reduced upkeep costs to the state and the vast size of the deal.

Similar terms, he found, had been set for two other large sugar tracts.

The district leased 20,000 acres in an area known as the Talisman Plantation for \$59.10 an acre to growers, including Florida Crystals, which still farms there. It also leased more than 1,400 acres to the Hilliard Brothers company for \$50.50 an acre.

Other growers say those prices reflect poorer soil and that the deals were open to more than one company.

Rumberger said his group commissioned the study, for an undisclosed sum, to answer questions initially shared by many environmentalists.

"Hopefully, this will put to rest the concerns."

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Statement from George H. Wedgworth, CEO Sugar Cane Growers Cooperative

01/28/2009

PR Newswire

[Return to
Top](#)

BELLE GLADE, Fla., Jan. 28 /PRNewswire/ -- Today, the Everglades Trust, a moving force behind the proposed \$1.34 billion acquisition of U.S. Sugar Corp. by the South Florida Water Management District, retained an economist to review the below fair market value lease back provision outlined in the purchase/sales agreement. The following is a statement issued by Sugar Cane Growers Cooperative President & CEO, George H. Wedgworth:

'An economist hired by those promoting the U.S. Sugar Corp. 'bailout' says that \$50 per acre is fair, but the appraisal on which the purchase is based says the land should lease for \$200-\$220 per acre.

'We previously have submitted a written offer to lease land for \$150 per acre. Our offer still stands and we are waiting for a reply.

'Economists don't decide the value of leases - and the government shouldn't either. It's the free market's job to determine the value of land leases. If the government is going to buy tens of thousands of acres of land that it does not need and put itself in a position of having to lease land to private interests, then it should hold an open, transparent and competitive process so that the highest bidder can prevail and taxpayers can be relieved of millions of dollars in property tax burden. Only then will taxpayers be protected and have the confidence that this deal doesn't simply enrich one big company while imperiling small and medium local farmers.

'Meanwhile, rather than release a bought-and-paid-for economic study, U.S. Sugar Corp. should make public the terms of all agreements whereby it leases land to others, so that all can see the current per-acre fair market lease value of the same land.'

Sugar Cane Growers Cooperative of Florida, located in Belle Glade, FL, is comprised of 47 grower-owners and employs 600 people. Last year, the Cooperative's members grew sugarcane on about 60,000 acres of land producing 300,000 tons of raw sugar. The primary functions of the Cooperative are the harvesting, transporting and processing of sugarcane and the sales of raw sugar to American Sugar Refining Inc., (ASR) which is co-owned by the Cooperative and Florida Crystals Corporation. Refined sugar is then marketed nationwide through Domino Foods, Inc.

Economist U.S. Sugar deal is 'reasonable'

01/28/2009

South Florida Business Journal - Online

[Return to Top](#)

The review, released Wednesday, was paid for by the nonprofit Everglades Trust, an advocacy group for Everglades restoration. It is my professional opinion, the lease rate is reasonable, from an economic perspective, principal Henry Fishkind said. Given the scale of the property involved, the lease is at or above prevailing market norms for this type of property. The South Florida Water Management District approved the purchase of 180,000 acres from Clewiston-based U.S. Sugar on Dec. 15.

The deal also calls for a seven-year lease of the property back to U.S. Sugar for \$50 an acre.

The sugar giant is shopping the land to other buyers for a 60-day period, and Florida Crystals of West Palm Beach has launched a legal challenge the water districts planned purchase. Florida Crystals spokesman Gaston Cantens said he was not impressed by the new study. Whats odd to me is the states experts are telling them its below market rate, and they are overpaying by at least \$300 million, he said. Yet, now, everyones running around trying to justify it why the state is paying more than they should be instead of trying to renegotiate it. Environmental groups have almost universally applauded the deal, but some held out questions about the cost to the state. Two independent appraisers hired by the water district said the price was above market value.

Fishkind said in his report that the water districts appraisers did not account for the fact that the lease was negotiated as part of the overall transaction a package deal between the water district and U.S. Sugar. The report also said appraisers did not adjust their lease prices to reflect the enormous scale of the lease. The massive size of the land 180,000 acres thats what makes this deal not smell, Fishkind said during a teleconference with media on Wednesday.

Everglades Trust Chairman Thom Rumberger said he hopes the report will put to rest many of the questions posed by opponents of the deal.

