

**Compiled by: South Florida Water Management District**  
(for internal use only)

**Total Clips: 2**

Headline	Date	Outlet	Reporter
<a href="#">Budget woes threaten Everglades land deal with U.S. Sugar</a>	03/12/2009	Sun Sentinel - Online	Andy Reid
<a href="#">Drainage, water projects could face steep cuts as managers make U.S. Sugar deal</a>	03/11/2009	Palm Beach Post - Online	PAUL QUINLAN

---

## Budget woes threaten Everglades land deal with U.S. Sugar

03/12/2009

Sun Sentinel - Online

Andy Reid

[Return to Top](#)

Worsening financial forecasts and the rising costs of meeting South Florida's water needs are threatening the potential to pay for a blockbuster Everglades land deal.

Rising sea levels from climate change are at times already straining some flood-control structures in need of costly upgrades, water managers warned Wednesday.

Also, South Florida's vast network of levees likely needs improvements to meet post-Hurricane Katrina safety standards, according to the South Florida Water Management District.

With tax revenue declining, district officials are trying to close a \$1.34 billion deal to buy 180,000 acres from U.S. Sugar Corp. The farmland would be used to restore Lake Okeechobee water flows to the Everglades. The district board met Wednesday to wade deeper into addressing its budget squeeze.

As the economy struggles, property tax revenue is dropping further than expected, now projected to decline about 15 percent, according to estimates this month. That would mean about \$97 million less in tax revenue and state funding for the district.

Paying off the debt for the U.S. Sugar deal would cost more than \$100 million a year. 'There's a lot of pressure building,' said board member Michael Collins, who voted against the pending agreement. 'That uncertainly is creating problems.' Other long-

term costs facing the district include:

Spending \$60 million a year on a long-term plan to beef up South Florida's aging flood-control system. That plan, behind schedule, would include improvements for coastal water-control structures where ocean levels at extreme high tides sometimes rise higher than water levels in the canals relied on to drain flood waters, district officials said.

Strengthening the system of 670 miles of levees south of Lake Okeechobee. Reinforcing the levees with new berms and boulders and clearing away vegetation could be among the measures needed to meet new federal standards. Although district officials remain confident that the levees will hold, failing to meet federal standards would affect the ability of South Florida residents to get flood insurance.

District Executive Director Carol Ann Wehle said she is not recommending that the district increase property taxes to deal with the budget crunch. But she said projects that are less of a priority may have to be delayed for 'long periods of time.' 'It's a lot of gloom,' Wehle said. The district manages water supplies, protects against flooding and leads Everglades restoration. The agency has 1,800 employees and an almost \$3 billion budget. That budget doubled this year to pay for the proposed U.S. Sugar land deal.

Andy Reid can be reached at [abreid@SunSentinel.com](mailto:abreid@SunSentinel.com) or 561-228-5504.

---

## **Drainage, water projects could face steep cuts as managers make U.S. Sugar deal**

03/11/2009

Palm Beach Post - Online

PAUL QUINLAN

[Return to Top](#)

CLEWISTON Paying for Gov. Charlie Crist's proposed buyout of 180,000 acres of U.S. Sugar Corp. farmland would force such withering budget cuts on the agency that manages South Florida's flood control and water supply as to raise questions about whether the deal can go forward.

The South Florida Water Management District in December narrowly approved a \$1.34 billion contract with U.S. Sugar that included a catch: If the deal would imperil the district's ability to carry out its core responsibilities, it could back out.

New figures show the agency will be cutting it close.

The district will have to slash its operating budget by one-quarter to make the sugar deal's annual \$109 million debt payment while absorbing the plunge in property tax receipts that's anticipated to follow the collapse of the real estate market, staff said today.

Is a 25 percent cut too much? 'We'll find out, won't we?' said Executive Director Carol Wehle. A detailed analysis of potential cuts is not due to the governing board until June, three months before the deadline to close the land deal.

A tax increase remains out of the question, Wehle said. Crist originally pledged the deal could be done without raising the property tax rates that the district charges within its 16 counties. Board members also oppose an increase.

The uncertainty follows last week's release of worse-than-expected estimates about the drop in taxable property values across the state. The district's tax base, which is three-quarters residential real estate, is projected to shrink 14.9 percent this year and another 7.6 percent next year - for a two-year loss of \$114 million. The operating budget now stands at \$393 million. 'These are pretty dire numbers,' said board member Charles Dauray. 'There's very little of a comfort index here.' Crist said Monday that officials are exploring ways to immediately shave down the cost of the deal. One possibility is to flip land to other interested buyers simultaneously with the closing with U.S. Sugar.

The blockbuster U.S. Sugar deal, which Crist first proposed last June, would create space for the reservoirs and filter marshes needed to recreate the historic flows from Lake Okeechobee south to the Everglades. But the historic opportunity comes at the worst possible time for the economy, amid a tidal wave of foreclosures and a stock market crash of nearly 50 percent since last January. Said the district's budget director, Doug Bergstrom: 'We're trying to operate in some of the most unstable and uncertain economic conditions that any of us have seen.'

