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U.S. Sugar Corp. tells Florida negotiators: Take land deal or leave it

04/10/2009
Sun Sentinel - West Palm Beach Bureau
Reid, Andy

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Lingering cost concerns about the state's scaled-down \$533 million Everglades land deal prompted a take-it-or-leave-it message Thursday from U.S. Sugar Corp.

The South Florida Water Management District board gave the initial go-ahead Thursday to negotiating the final details with U.S. Sugar for the purchase of 72,500 acres to help restore water flows from Lake Okeechobee to the Everglades.

But board members said negotiators should try to lower the average per-acre price to get the deal closer to \$300 million to \$400 million.

The district also wants to keep a clause allowing the agency to back out before the deal closes if the state budget crunch worsens.

U.S. Sugar responded by issuing a statement that the company was "extremely disappointed with the lack of leadership" from the board.

State negotiators assured U.S. Sugar a majority on the board agreed with the terms of the latest version of the land deal, announced by Gov. Charlie Crist last week, according to U.S. Sugar Senior Vice President Robert Coker.

The current terms are the "last and only chance" to get a deal done, Coker said.

"It is either these terms that were negotiated by senior staff of the [district] or there will be no transaction," Coker said. "We need to know now so that we can either finish up the paperwork or U.S. Sugar will move on."

The struggling economy killed the governor's prior \$1.34 billion plan to buy 180,000 acres of U.S. Sugar farmland to build reservoirs and water treatment areas.

The new deal leaves open the chance for the state to eventually acquire the same amount of land. It gives the district a 10-year option to buy another 107,500 acres owned by U.S. Sugar if the economy rebounds and the district's financial position improves.

U.S. Sugar would get to lease back much of the 72,500 acres until the district can begin the restoration projects.

The contract is to go back to the district's board in May.

Supporters contend the chance to buy large swaths of farmland between Lake Okeechobee and the Everglades makes the deal worth pursuing.

"I would take this deal as opposed to no deal," said Board Member Shannon Estenoz, who represents Broward County Click here for restaurant inspection reports. "I do have anxiety about losing the opportunity."

Critics say the proposed land purchase still threatens to eat up money needed for stalled Everglades projects. Some previously planned reservoirs already have been put on hold.

"What we need is water storage and we need it today," said board

member Michael Collins, who has opposed the cost of the U.S. Sugar deal and said it could cause construction delays. "The deals we've been brought stink."

The \$150 per acre per year lease payments from U.S. Sugar would be triple the \$50 per acre proposed in the last deal, but still below the \$200- to \$250-per-acre market rate identified by district appraisers.

If U.S. Sugar gets the \$150 rate, it would have to abide by tougher pollution standards in its farming operations.

If by year seven of the deal the district hasn't moved ahead with buying the remaining 107,500 acres, the proposed agreement would extend U.S. Sugar's lease by three years.

If the district by year 10 still hasn't agreed to buy the remaining land, U.S. Sugar's lease would continue another 10 years.

The lease terms are an effort to "leverage" the district into pushing ahead with the larger future land purchase, Collins said.

"We are paying top dollar and we can't get our hands on the land," Collins said.

Andy Reid can be reached at abreid@SunSentinel.com or 561-228-5504.

Lake O releases

South Florida water managers declined to take a position on whether more Lake Okeechobee water should be released to sea. The district board left the decision to the Army Corps of Engineers. » Page 5

Editorial Scaled back sugar deal sweeter than initial Save The Everglades plan

04/10/2009

Jupiter Courier

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The deal is getting better by the day.

In June 2008, Florida was prepared to spend \$1.75 billion to purchase U.S. Sugar's entire Clewiston-based operation for Everglades restoration. In December, a new deal was negotiated: The state would purchase only the land 180,000 acres for \$1.34 billion, and lease back the land to U.S. Sugar for seven years.

Fast-forward to April 1: Gov. Charlie Crist, the architect of this mammoth project, announces better terms.

Both U.S. Sugar and the governing board of the South Florida Water Management District still must approve the amended proposal. For its part, the governing board should endorse it.

Under the latest proposal, the water management district will acquire 72,500 acres from U.S. Sugar for \$530 million. The district also will have a 10-year option to purchase the remaining 107,500 acres. The seven-year lease with U.S. Sugar remains intact.

There's a lot to like:

The savings to taxpayers on the initial investment about \$800 million are substantial.

Annual debt service payments will be reduced by \$65 million a year.

The lease rate will be tripled to \$150 an acre and generate at least \$40 million in revenue.

The 72,500 acres are integral to recreating the natural flow-way in the Everglades. However, the state still needs to purchase land from Florida Crystals to complete this project a factor that underscores the importance of bringing Florida Crystals into the negotiations.

The new deal reflects current fiscal realities not just at the state level, but also in the 16-county area that makes up the water management district.

Taxpayers in these 16 counties will be paying for the land. While the \$1.34 billion offer was pricey, Carol Wehle, the district's executive director, said recently that the district can afford the terms of the new deal, even if the economy continues to soften in the next two years.

The U.S. Sugar deal was a bit of a gamble albeit one worth pursuing at \$1.34 billion. At \$530 million, along with the additional elements in the latest proposal, it constitutes a solid investment in Florida's environmental future.

Questions linger for revamped U.S. Sugar deal

04/10/2009

Miami Herald - Online

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Brand new deal, same old questions.

Gov. Charlie Crist's revamped land buy with U.S. Sugar may be 60 percent smaller and cheaper, but South Florida water managers signaled Thursday they still didn't like the way the numbers added up.

They complained the bottom line -- \$533 million for 72,500 acres of citrus groves and sugar fields -- remains too large and the timeline for Everglades restoration projects has grown too lengthy.

The terms, still under negotiation, now call for keeping a quarter of the tracts in company hands for at least 20 years -- unless the state agrees to buy U.S. Sugar's remaining 107,500 acres at an undetermined price.

"We're paying top dollar and we can't get our hands on the land," said Michael Collins, an Islamorada fishing guide who has been the controversial deal's most outspoken critic on the South Florida Water Management District's governing board.

The board, which still must approve the deal, is scheduled to vote next month at the earliest. But in a first review, members' concerns echoed those expressed in December when they passed the previous \$1.34 billion deal to buy U.S. Sugar's entire 180,000 acres -- but only by a single vote and after adding an "out" clause if plunging tax revenues threatened to bust the agency's budget.

WORTH THE PRICE?

Top district executives, who helped craft the new terms with Crist aides and U.S. Sugar executives, called this deal affordable -- even with the sputtering state economy.

"The goal has been no new taxes. That is our mantra," said Ruth Clements, the district's director of land acquisitions. The annual debt on the deal, which the district intends to bankroll with bonds, would drop from \$103 million to around \$45 million.

But several board members still questioned whether the agency was overpaying, noting the new terms offer \$7,400 an acre for cane fields that appraisals six months ago valued at \$4,000 to \$4,500.

Clements said the previous contract included a "bulk discount" for buying U.S. Sugar's entire 180,000 acres. Governing board member Jerry Montgomery, a Disney executive, argued that the new deal, which still ranks as the largest conservation land purchase in state history, ought to qualify. Montgomery, saying even a lesser discount could cut \$100 million from the price, urged district executives to press for a better deal.

The terms also set a \$7,400-per-acre price for U.S. Sugar's remaining 107,500 acres, but Clements said that was simply a "walk away" number for U.S. Sugar. If the district exercises a 10-year option to buy the rest of the land, she said, it still could offer less, but the company would not be obliged to sell at less than \$7,400.

U.S. Sugar executives did not attend the meeting in St. Cloud, at the northern tip of the district's 16-county region, but issued a statement saying the company was disappointed by the questions and the board's "lack of leadership."

Company Vice President Robert Coker said the company has been flexible in an effort to salvage the governor's "bold vision for restoring the Everglades" and had negotiated with senior district staff.

"It was represented to us by them and the governor's office that a supermajority of the governing board supported these terms," Coker said in the statement.

Despite the questions, several board members did stress that the new deal was more attractive financially and would help resolve water storage and pollution problems that have plagued the Everglades, Lake Okeechobee and rivers on both coasts for decades.

"I would take this deal, as opposed to no deal," said Shannon Estenoz, an environmentalist from Plantation who is the board's vice chair.

Carol Wehle, the district's executive director, said the purchase, combined with existing district holdings, would supply "all the land needed" for reservoirs and pollution treatment marshes planned over the next 20 years. Environmentalists, who endorse the new deal, eventually want some 120,000 acres of such projects.

CRITICISM

Critics, led by the Miccosukee Tribe and rival growers, argue the land buy is a corporate bailout that will divert money from existing Everglades projects.

Barbara Miedema, vice president of the Sugar Cane Growers Cooperative of Florida, said the new deal is just the old one sliced into parts -- \$533 million up front, and \$795 million at the \$7,400-an-acre U.S. Sugar wants for the remainder under the state option.

"It's the same pig," she said. "It's just wrapped in different paper and tagged with a pink bow."

Everglades Deal Shrinks by \$800 Million

04/09/2009

Fort Myers Florida Weekly

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Everglades deal shrinks by \$800 million
Budget forces reduced U.S. Sugar land-buy

SPECIAL TO FLORIDA WEEKLY Florida is cutting \$800 million from the deal to acquire land for Everglades restoration from the United States Sugar Corp. Under the new proposal, announced by Gov. Charlie Crist last week, the South Florida Water Management District would initially invest about \$530 million for 72,500 acres of property south of Lake Okeechobee. Approximately 32,000 acres of that land, currently in citrus production, would be available to the district within a year after closing. U.S. Sugar would lease back the other approximately 40,500 acres of sugar cane land for \$150 per acre per year for at least seven years. The district would have an option to purchase the remaining 107,500 acres within the first 10 years after closing.

"By taking this fiscally conservative approach, we can secure this once-in-a-lifetime opportunity to restore and revive the Everglades despite continued economic challenges," said Gov. Crist. "The proposal represents a balance for both the environment and the economy by allowing us to acquire hundreds of square miles of prime property in affordable steps."

The new deal is subject to financing and approval by both the SFWMD governing board and U.S. Sugar's board of directors. Highlights of the proposed acquisition terms include:

- Reducing the immediate public investment by 60 percent, or \$800 million, in addition to reducing annual debt service payments by an estimated \$65 million.
- Tripling the land lease rate to \$150 an acre per year to generate a minimum of \$40 million in revenue and avoid at least \$11 million in land management costs.
- Potentially freeing up revenue over the coming years for "shovel-ready" restoration projects that could create jobs and deliver environmental benefits to the

Everglades Protection Area and Florida's coastal estuaries.

- Sustaining regional agriculture.
 - Keeping 1,700 direct jobs intact and protecting 10,000 indirect jobs for at least another decade with the continued operation of the U.S. Sugar's mill and refinery.
- Environmental groups hailed the new deal.

"Restoring Florida's Everglades depends on acquiring the land needed to clean and protect water flowing through the ecosystem," said Manley Fuller, president of the Florida Wildlife Federation. "The purchase of this land is a milestone for all who cherish the Everglades and its unique habitat for endangered species."

Gov. Crist announced in June that SFWMD would begin negotiations with U.S. Sugar to acquire vast tracts of land south of Lake Okeechobee for Everglades restoration. The district's governing board voted to accept a proposal to acquire more than 180,000 acres of agricultural land for \$1.34 billion. But the economic downturn required changes to the deal.

"Because of the state's strong commitment to this monumental vision for restoration, we are optimistic that this acquisition can be achieved under terms that are better matched to South Florida's current fiscal climate," said Florida Department of Environmental Protection Secretary Michael Sole.

"With the governor's support, the parties have explored alternatives that allow for the acquisition of strategic and desirable lands but under a schedule that reduces the taxpayers' investment today; makes revenue available sooner for the realization of restoration projects and preserves jobs."

The details of the revised acquisition terms are still under discussion. The final proposed terms will be reviewed and considered by SFWMD at public meetings.

For more information about the acquisition, visit www.sfwmd.gov/riverofgrass. ■

'First Mondays' tackles Florida legislation, U.S. Sugar purchase

04/09/2009

Sanibel Captiva Islander
JANE BRICKLEY

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During the Sanibel-Captiva Conservation Foundation's April installment of their "First Mondays" program, SCCF Natural Resource Policy director Rae Ann Wessel discussed current Florida legislative session and how some current legislative proposals can affect Southwest Florida and the U.S. Sugar deal.

Wessel began the program by discussing the 2009 budget and legislative initiatives affecting Southwest Florida and the restoration of the Everglades, including the U.S. Sugar deal.

"The budget is just abominable this year. The DEP (Department of Environmental Protection), which manages state parks plus some wetland permitting, plus mining and sewage treatment processing and air quality and all those things that make our lives desirable, are being asked to cut their budgets by 20 percent," Wessel explained, noting that two of Florida's important restorative agencies, Florida Forever and Northern Everglades, will experience severe cutbacks.

"There's definitely a difficulty, if you're a legislator, in trying to balance needs for projects and infrastructure versus kids going to school, people being fed and things like that," Wessel said. "Some of the most egregious bills have been submitted by our representatives."

She then went on to discuss several proposed House and Senate bills that could respectively hurt and help restoration processes here in Southwest Florida.

One of the more damaging bills she mentioned was Senate Bill 730, which would abolish the Department of Community Affairs (DCA), a government agency responsible for growth management and controlling sprawl.

Another proposal, Senate Bill 630, would prohibit local municipalities from levying impact fees for three years.

In addition, another potentially harmful proposal - House Bill 1123 - was made by representative Trudi Williams that will "streamline duplication," but according to Wessel, the bill has much more dangerous ramifications.

"One of the most egregious things that's in it is the usurping of federal processes, it would actually take over the federal permit review process," Wessel said.

The more positive proposals include House Bill 1296 for Healthy Beaches, legislation envisioned by Sanibel mayor Mick Denham and sponsored by Representative Gary Abuchon.

"That's a good bill, Healthy Beaches. It basically says that if there

is a contamination that closes beaches, the DEP would be required to find the source. Right now all they do is close the beach and wait for it to go away," she continued. "It's a good bill that needs our support."

"If you're interested in getting involved and writing some letters and making some phone calls, there are some particular projects that we support and some that we definitely do not support and all of these need more voices to be speaking against them or for them," Wessel added.

The next topic of discussion focused on Governor Charlie Crist's announcement on April 1 which said the purchase of U.S. Sugar lands in order to restore flow to the Everglades would be cut down significantly.

However, Wessel maintains that - modifications aside - this is still very good news.

"This basically keeps the project alive. It does reduce the amount of acreage, it's about 60 percent of what it was previously. It is now 72,500 acres. It's still the largest state purchase ever and the price has come down about 65 percent to \$533 million, from \$1.34 billion," she said. "It has an interesting twist in that it gives us the option for 10 years to have right of first refusal on the remaining 107,500 acres. So they won't be able to sell those to any other taker until we have a first bite at the apple."

"Basically, it's a better deal. It reduces the state's investment by \$800 million, it reduces the debt service by \$65 million a year, triples the lease rate that will bring in a minimum of \$40 million a year," Wessel said, in addition to freeing up revenue in future years for restoration projects.

If you have any questions about legislation, how you can make your voice heard or about the U.S. Sugar purchase, contact Rae Ann Wessel at SCCF, 472-2329, and visit www.sccf.org.

"First Mondays: Policy at SCCF" are held on the first Monday of every month in the SCCF Nature Center auditorium, located at 3333 Sanibel-Captiva Road.

Editorial: Crist still disrespects Glades

04/09/2009

Palm Beach Post

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Gov. Crist has gone from uncaring to arrogant when it comes to the residents of the Glades communities.

On Tuesday, the governor announced that he had reappointed a member of the Southwest Florida Water Management District governing board. The governor did not announce that he had filled a vacancy on the South Florida Water Management District governing board. He hasn't filled the vacancy on the nine-member board for nearly 10 months. It is the seat that represents the Lake Okeechobee towns whose residents worry most about the deal for the district to buy U.S. Sugar's land.

The governor has had qualified applicants for the seat since September. Today, the governing board gets its first look at the deal's term sheet. In mid-May, the board is scheduled to vote on it. This is the third proposed deal with U.S. Sugar. For each of those deals, the area that will be most affected has had no representation.

Since the first deal passed the board by just one vote, and one member has had to recuse himself, perhaps the governor is worried about how a Glades board member might vote. Whatever the reason, his delay amounts to calculated cruelty toward Floridians who see his environmental legacy as a threat to their future and their security.

Water levels lagging, boosting Lake O and U.S. Sugar debates

04/09/2009

Sun Sentinel - West Palm Beach Bureau
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Key water supplies already are in worse shape than during the past two years of drought, heightening concerns about how to use Lake Okeechobee to help meet South Florida's needs.

Water levels in the Everglades water conservation areas, relied on to supplement drinking water supplies, are below normal and lower than in 2008 and 2007 at this time of year, the South Florida Water Management District reported Wednesday.

Today, the district's board will be asked to decide whether to support directing more Lake Okeechobee water to environmental needs or to save it for irrigation during the rest of the dry season, which stretches through May.

Sending lake water to the Caloosahatchee River to help protect West Coast sea grasses would mean sacrificing lake water used to back up South Florida supplies.

The Army Corps of Engineers makes the final decision on lake levels, after consulting the water district.

District Executive Director Carol Wehle said there are "grave concerns" on both sides of the debate over how to divvy up Lake

Okeechobee water.

"What risk is the board willing to accept?" Wehle asked.

South Florida averaged 1.39 inches of rain during March, less than half the normal rainfall, according to the district. So far this year, the region is running an almost 6-inch rainfall deficit.

The corps also has periodically released freshwater to the Caloosahatchee to compensate for a lack of rainfall. The freshwater is needed to counterbalance rising saltwater levels that threaten the sea grasses as well as the ability to use the river for drinking water supplies.

Lake Okeechobee dropped just below 12 feet on Wednesday, still almost 2 feet higher than this time last year.

The corps estimates that since September, the volume released equates to 1 foot of water in the lake. The district estimates that continuing lake releases until the June start of the rainy season would equate to about 3 inches of water in the lake.

The worsening water crunch has some calling for scrapping a proposed \$533 million land deal with U.S. Sugar Corp. and redirecting the money to build new reservoirs sooner.

The district board is to decide today whether to give initial approval to Gov. Charlie Crist's scaled-down plan to start by buying 72,500 acres of farmland, instead of the 180,000 once envisioned. The land would be used to build reservoirs and treatment areas to re-establish water flows from the lake to the Everglades.

Critics of the U.S. Sugar deal warn that the cost takes money away from other long-stalled Everglades reservoirs.

"All the lofty speeches ... are never going to replace building storage," district board member Michael Collins said.

Developer shrugs off recession, plots all-solar Fla. city

04/09/2009

New York Times

MICHAEL BURNHAM

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From Greenwire

A Florida developer unveiled plans today to build the nation's first solar-powered city -- a cluster of homes, offices and factories less than 20 miles from Fort Myers on the Gulf Coast.

"Babcock Ranch" would be built on 17,000 acres in Charlotte and Lee counties, with more than half of the land set aside for nature preserves, agriculture and other open space. Florida Power & Light Co. would build a 75-megawatt solar photovoltaic array to supply electricity to the development's 6 million square feet of residential, industrial and retail buildings.

The big question: If you build it in this economy, will buyers come?

Developer Syd Kitson is betting heavily that he is going to attract investors, businesses and 45,000 residents to his \$2 billion ranch community, which he plans to start building next year. He is promising 19,500 homes, 20,000 permanent jobs, open spaces and plenty of carbon-free megawatts.

"Solar is just the first step," Kitson told reporters in a Washington news conference today. "Babcock Ranch will be a true living laboratory of the new-energy economy ... where innovative companies can design, build and use the renewable and efficient technologies that customers across the country and around the globe will need."

Three years ago, Florida agreed to buy 73,000 surrounding acres from Kitson's company, Kitson & Partners, and preserve the land for hunting, camping, hiking and other recreation. The land deal still ranks as the largest of its kind in state history, conservationists say.

"The best thing you can say about Babcock Ranch is 'diversity,'" said Charles Lee, Audubon of Florida's advocacy director. "It represents virtually every inland freshwater and upland habitat you have in the state."

Charles Pattison, president of the conservation group 1,000 Friends of Florida, also applauded the Babcock Ranch plan. Kitson bought the land in 2005 from a family that had used it for timber and ranching since the early 20th century.

"The initial fear was the property would be purchased and then parceled out," he said. "Hopefully, this deal will be a forerunner of things to come."

But the recession complicates conservation, Pattison conceded.

Gov. Charlie Crist (R) has been forced to scale back a plan to buy land in the Everglades Agricultural Area from U.S. Sugar Corp. The South Florida Water Management District wants to convert the farms to reservoirs and stormwater-treatment marshes for the long-range restoration of the Everglades.

Facing growing costs and shrinking tax revenue, the Florida Legislature is now threatening to cut funding this year for the state's Forever Florida program, which uses fees from real estate transactions to conserve ecologically important land.

Crist has said he supports continuing funding for the program, as does 67 percent of Floridians who responded to a recent poll conducted by the Nature Conservancy and other environmental groups.

"The paradox down here is, if you don't grow, you don't get money for conservation," Pattison said.

Kitson, who is planning to raise outside capital as the project progresses, said he is attempting to persuade several companies to set up shop in Babcock Ranch. He is targeting solar panel manufacturers, lithium-ion battery makers and other clean-energy companies.

"We'd like Babcock Ranch to be the seed, where we could really start the R&D ... and have other companies come in and expand on that," Kitson said.

Back on the ranch

Florida Power & Light aims to break ground on the more than \$350 million solar PV project as soon as this year, pending regulatory approval. The 75-megawatt generator would be the largest of its kind in the world and supply surplus electricity to the grid, noted Eric Silagy, FP&'s chief development officer.

The utility plans to raise electricity costs to pay for the project, he noted. The typical residential customer would see his power bill go up by about 20 cents a month.

"We're looking forward to breaking ground on this project as soon as possible, getting the legislative and regulatory support to move it forward, bringing more jobs to southwest Florida and showcasing the cleantech corridor," Silagy added.

Construction crews plan to break ground on Babcock Ranch's infrastructure next year and begin building homes and offices in 2011, Kitson said. The entire city would be certified by the nonprofit Florida Green Building Coalition.

Homes and offices would be able to tap into a high-capacity digital pipeline and use "smart grid" meters to adjust their energy use. A study conducted by the economic research firm Fishkind & Associates Inc. for Kitson projects that Babcock Ranch would generate 20,000 permanent jobs in technology, retail, education, construction and other sectors over 20 years.

Past promises of economically and environmentally sustainable development, however, have earned other Florida developers ample skepticism from conservationists.

Debating 'Destiny'

Even before the economic crisis, water was beginning to govern growth in Florida.

Six million South Florida residents get their water from the Biscayne Aquifer that underlies Everglades National Park and parts of four counties in southeast Florida. Drawing down the aquifer too much could divert water from the southern Everglades and invite saltwater intrusion, warn state regulators, who have rejected several permits on such grounds (Greenwire, Sept. 10, 2007).

In late 2007, developer Anthony Pugliese III announced plans to build the town of "Destiny," about an hour's drive southeast of Orlando. The city would rise from a 41,000-acre patch of Osceola County known as Yeehaw Junction.

Pugliese initially planned to conserve 60 percent of the site as open space and turn the remainder of the land into a city for 250,000 residents (Greenwire, Nov. 7, 2007)

"Right now, our property is in the middle of nowhere, but it's really going to be in the center of it all," the project's marketing director said then.

Representatives of Pugliese Co., who did not return phone calls seeking comment, have angered some conservation groups who would like more input over which land is conserved. The project would sit within the Kissimmee River Basin, which drains into Lake Okeechobee.

"It started out looking very attractive to us," Audubon's Lee said. "But the difficult situation now is that the development is looking more and more like a convention thing rather than its initial innovative promise.

"It always had the challenge of justifying itself of not just being a bedroom community in the middle of nowhere," he added. "You need a commercial center for that."

Pattison of 1,000 Friends of Florida also worries whether the project will be economically sustainable.

Since its initial announcement, Pugliese Co. has unveiled plans to build an "energy farm," which would grow sweet sorghum, jatropha and other potential biofuel feedstocks. The development company has also announced plans for a 6,000-square-foot fueling station, which would have conventional and biofuels, along with a charging station for electric vehicles.

Destiny's developer has vowed that the city will attract scientists, engineers and other "cleantech innovators."

"As in many places, the challenge is whether it ends up as it's planned initially," Pattison said. "People will be interested to see how it actually develops."

E&ETV's OnPoint: Real estate developer discusses U.S.'s first solar-powered, smart-grid, green-building city

As sustainable design projects throughout the country begin seeing stimulus money, how far can cities go in implementing new green-build technologies? During today's OnPoint, Syd Kitson, CEO of Kitson & Partners, a real estate investment and development company, discusses plans for the United States' first 100 percent solar-powered, smart-grid, green-building city in southwest Florida. He addresses some of the challenges posed by the current slump in the housing market. He also discusses what action needs to be taken legislatively in order to make green-build developments a reality throughout the country.

Column Smaller deal, smarter bet

04/09/2009

Palm Beach Post - Online

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In March, as the \$1.34 billion deal to buy U.S. Sugar's land unraveled, two company executives approached South Florida Water Management District Executive Director Carol Wehle in the state Capitol and suggested a new approach. As it turned out, half a deal would be better than none.

After weeks as the whipping boy of several legislative committees, the water district had announced that its worsening financial picture, based on declining property tax revenues in its 16-county region, jeopardized the deal to buy all of U.S. Sugar's acreage. Gov. Crist's proposal to restore the Everglades had become an oozing bag of garbage about to burst.

The result, announced last week, is sweet for U.S. Sugar. It lets the grower, established in Clewiston 78 years ago, continue farming its land - even the land it sells to the water district - for up to 20 years. It raises the rent U.S. Sugar would pay, to \$150 an acre from \$50, but adds about \$70 million over appraised value to the price U.S. Sugar will get for its land. It enables the company to dump its least desirable land - 32,000 acres of citrus groves. It brings in a quick \$533 million cash infusion that can go a long way toward easing the company's \$700 million debt incurred to build its sugar mill in Clewiston.

As members of the district governing board discuss the deal for the first time this week, they must determine if the premium for U.S. Sugar is worth rewriting the comprehensive plan for Everglades restoration. Ms. Wehle argues persuasively that it is. For the first time, she is taking ownership of a deal initially crafted by the governor's office. This time, Ms. Wehle said of the negotiations, 'I was actually there.' The new deal costs \$807 million less. It calls for buying less land - 72,500 acres, not 180,000. In announcing it, Gov. Crist said the purchase would fulfill 'a dream of many for a long time' to save the Everglades. That dream relies on vast swaths of land to store and treat phosphorous-tainted water that flows south toward the Everglades from as far as Orlando. It means building giant reservoirs on cane fields in Palm Beach and Hendry counties now owned by rival growers U.S. Sugar and Florida Crystals.

The new deal allowed district staff to pick the land. The 72,500 acres include the 18,000-acre Southern Gardens citrus grove, well-positioned in southeastern Hendry County to treat runoff before it enters the Everglades. But the deal's centerpiece is a 25,500-acre parcel immediately south of Lake Okeechobee that could be converted into the world's largest above-ground reservoir to store lake water before it is pumped south to treatment marshes, that, unfortunately have not been built. Even that huge reservoir, however, wouldn't be big enough. Scientists say the district needs about 100,000 acres.

The governor also promised that the district one day will buy the

rest of U.S. Sugar's land, an additional 107,500 acres. While he called it an option, it's actually the right to match any other offers for that land. An option would have given the district the right to trade for better-situated land owned by Florida Crystals. The 'option' is further restricted by a clause that says U.S. Sugar can reject any offer of less than \$7,400 per acre. A district appraisal from last year puts the average price of cane land at \$6,200 an acre.

The deal is just a starting point. Critics who complain that the deal could delay projects already under way don't get the long-term nature of the approach. Owning this land turns the conventional wisdom of Everglades restoration on its head, forcing some projects to be stopped and redesigned. Growers who want to continue farming and one day sell to developers don't like that. For Ms. Wehle, the new deal works for simple reasons. 'We can afford it,' she said, 'and it's the land we wanted.' The deal is sweet for U.S. Sugar. It will be sweet for taxpayers and the Everglades if Ms. Wehle delivers.

\$533 million Everglades land deal gets initial go-ahead

04/09/2009

Sun Sentinel - Online

Andy Reid

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South Florida water managers today gave the initial go-ahead to Gov. Charlie Crist's scaled-down, \$533 million land deal for Everglades restoration.

The South Florida Water Management District now must negotiate the final details with U.S. Sugar Corp. for the purchase of 72,500 acres that would be used to help restore water flows from Lake Okeechobee to the Everglades.

District board members said a key part of that negotiation should be trying to lower the average per-acre price to get the deal closer to the \$300- to \$400-million range.

The struggling economy killed the governor's previous \$1.34 billion plan to buy 180,000 acres of U.S. Sugar farmland that would be used to build a series of reservoirs and water treatment areas. The new deal leaves open the chance for the state to eventually acquire the same amount of land. It gives the district a 10-year option to buy another 107,500 acres owned by U.S. Sugar, if the economy rebounds and the district's financial position improves.

U.S. Sugar would get to lease back much of the initial 72,500 acres until the district can begin construction on restoration projects.

The amended contract goes back to the district's board in May.

The chance to buy large swaths of farmland, strategically located between Lake Okeechobee and the Everglades, makes the deal

worth pursuing, Board Member Melissa Meeker said. 'It's that once in a lifetime opportunity,' Meeker said. 'None of us think it's perfect. It is in the state's best interest to move forward to negotiate.' Critics of the U.S. Sugar deal warn that even the reduced cost threatens to take money away from other stalled Everglades projects. Some previously planned reservoirs have already been put on hold. 'What we need is water storage and we need it today,' said Board Member Michael Collins, who has opposed the cost and construction delays that could come with the various versions of the U.S. Sugar deal. 'The deals we've been brought stink.' The district must still secure financing for the land deal, which faces a September closing deadline.

Downsized U.S. Sugar deal still too costly, water managers complain

04/09/2009

Palm Beach Post - Online

PAUL QUINLAN

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Gov. Charlie Crist's revamped land deal with U.S. Sugar Corp. may be \$800 million cheaper, but it's not much better, water managers said today.

Several leaders of the South Florida Water Management District, the state agency charged with paying for Crist's high-stakes Everglades restoration initiative, gave the latest negotiated terms of the deal harsh reviews, calling the now-\$533 million price too high. They also called the terms too generous, saying they would likely leave half the caneland in the company's control for the next two decades.

The water managers called for staff to return to the negotiating table. 'I think one thing we all agree on is there is a better deal,' said district board member Charles Dauray. 'Whether you're for it or against it, there's a better deal, and I think it behooves us to find it.' So sweeping were today's criticisms that they provoked a sharp ultimatum from U.S. Sugar Corp. 'This latest rendition is the last and only chance to complete this transaction,' U.S. Sugar senior vice president Robert Coker said in a news release immediately afterward.

The previous deal called for buying 180,000 acres - nearly all the company's land - for \$1.34 billion.

Criticism of the new terms centered on the loss of a 'bulk discount' that raised the average, per-acre price from about \$4,500 an acre to \$7,400 an acre and lease-back terms likely to allow U.S. Sugar to continue farming half the sugarcane acreage for the next 20 years. 'We're paying top dollar, and we can't get our hands on the land,' said the board's Michael Collins. The blistering critiques come just two weeks after Crist, citing the economy, unveiled the second downsizing of what would still be the state's costliest conservation land deal ever.

Taken together, the comments seemed to foreshadow yet another

nail-biter when the trimmed deal - which will help define the legacy of a governor whose political aspirations are believed to extend far north of Tallahassee - returns to the board for a vote, perhaps as early as next month.

For environmentalists, such as board member Shannon Estenoz, even the shrunken land deal represents some fulfillment of a long-sought dream: retaking land from sugar companies that were once free-flowing Everglades and are now deemed by many essential to any meaningful restoration. Estenoz, along with board chairman Eric Buermann, said they had anxiety about passing up the opportunity. 'I would take this deal over no deal,' she said. We'd like your thoughts on this story. I appreciate your willingness to share them. At PalmBeachPost.com, we want to avoid comments that are obscene, hateful, racist or otherwise inappropriate. If you post offensive comments, we will delete them as soon as we can. If you see such comments, please . John Bartosek, Editor, The Palm Beach Post.

*HTML not allowed in comments. Your e-mail address is required.

Land-purchase option is key to scaled-down U.S. Sugar deal

04/08/2009

Miami Herald - Online

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Gov. Charlie Crist's revamped deal with U.S. Sugar has become much cheaper -- whacking the price tag and acreage by more than half -- but it contains a critical provision that may ultimately determine its value to Everglades restoration.

The key is an option that gives the South Florida Water Management District up to 10 years to acquire more land when, and if, the economy and property tax revenues improve. The district board meets Wednesday and Thursday in St. Cloud to review the \$533 million, 72,500-acre deal.

Buying that time, however, comes with a price.

Unless water managers commit to purchasing the U.S. Sugar Corp.'s remaining 107,500 acres -- at an amount yet to be negotiated -- a quarter of the land would be off-limits to Everglades projects for at least 20 years. Of the 40,500 acres of cane fields on the table, only 13,000 could be used for restoration efforts in the first decade and 10,000 in the second.

Environmentalists say the deal remains too good to refuse. Even scaled down, it would still secure more than half the land they say is needed for 120,000 acres of reservoirs and pollution treatment marshes vital to delivering enough clean water to restore the River of Grass.

"This is really a down payment on future acquisitions that need to take place," said Kirk Fordham, chief executive office of The Everglades Foundation.

Supporters are banking on an economic turn-around sooner rather than later.

"Most people are optimistic enough to believe our state's finances are not going to be in the same position four or five or six years from now," said Fordham.

But critics contend the new deal's scattered tracts will do little to restore the "missing link" between the Everglades and Lake Okeechobee that Crist and environmentalists touted last June when Crist first proposed a \$1.75 billion deal to buy the company and its 180,000-acre agricultural empire -- a proposal later reduced to a land-only, \$1.34 billion package.

Critics also charge the revamped proposal will put a half-billion dollars of taxpayer money into land that won't be available for years, siphon money from existing projects and push broader restoration efforts back decades.

The new deal outlines a "take-down schedule" that gives the state up to 32,000 acres of citrus groves and 13,000 acres of sugar farms, with 3,000 of those set aside for Clewiston and other Everglades towns to develop in the first 10 years. That's roughly four more times land than the previous deal.

But unless the district executes its option to buy more land, the next decade would free up only another 10,000 acres of cane fields for restoration projections. U.S. Sugar, or a prospective buyer, would retain the right to lease and farm the last chunk of land, 17,500 acres of cane, for 20 years.

Terry Rice, an engineering consultant for the Miccosukee Tribe, said the district already has four other projects, promising more than twice the water storage, scheduled to be on line within six years: reservoirs planned along the Caloosahatchee and St. Lucie Rivers, in the Everglades Agricultural Area and north of Lake Okeechobee.

IN 20 YEARS

"Now, the same amount of storage is going to be accomplished in 20 years," Rice said. "By that time, there may not be any Everglades left to restore."

Ken Ammon, the district's deputy executive director, said the deal wouldn't sacrifice other projects but would expand and enhance an original restoration plan written when no one realistically expected the option of acquiring sugar farms.

While a network of pollution treatment marshes are now meeting state and federal standards, Ammon said, future restoration projects might overtax them. The district, he said, was "totally strategic" in picking tracts to help reduce loads of phosphorous, a fertilizer nutrient that can alter native plant life, from flowing into the Glades. 'AN ALTERNATIVE'"If you want to deliver a lot more water to the Everglades," he said, "than we have to come up with an alternative or add-on to provide that water quality."

He also dismissed the threat of significant delay to restoration efforts already running years behind, saying the district was "doubling our efforts" to open a federal funding tap that has delivered much less than promised until recently.

Last year, Congress finally authorized two major Glades projects and approved \$183 million in spending earlier this year.

In the worst-case scenario, Ammon said, he expects the deal to push back projects no more than "a couple of years."

Robert Coker, a U.S. Sugar vice president, acknowledged the deal was crafted to give the state an "incentive" to exercise an option for the company's remaining 107,500 acres. If that happens, the schedule would change, with the state able to access as much land as needed and build projects as fast as they could be planned and paid for. 'GOING TO FARM IT' But the company intends to farm until construction begins on tracts and "we get in the way," he said. "I'm going to farm it until the bulldozers run me off."

Coker said granting the 10-year option and agreeing to triple the annual rate U.S. Sugar will pay to lease land back from the state to \$150 per acre were "substantial concessions" intended to keep the deal alive.

"We both came up with concessions at either end of this thing," he said. "Ideally, the district would come back in a couple of years, exercise the option and have sufficient resources to go out and build things."

DJ US Sugar Corp Ends Cane Harvest; Crop Smaller Than Expected

04/07/2009

Dow Jones Commodities News Service

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NEW YORK, Apr 07, 2009 (Dow Jones Commodities News via Comtex) -- U.S. Sugar Corp. said its 2008-09 cane crop was almost 700,000 tons smaller than expected due to adverse weather.

The company said in a press release Monday that drought, freezing conditions and lack of irrigation water reduced expected cane output.

The harvest and crush were completed earlier than anticipated, said Robert Coker, senior vice president of public affairs at U.S. Sugar.

The company harvested 162,725 acres of sugar cane, producing an estimated 5.65 million tons of cane, the release stated.

U.S. Sugar intends to import sugar in 2009 to feeds its Clewiston, Fla., refinery for the second consecutive year, Coker said.

In 2008, U.S. Sugar became the only Florida sugar processing facility to import sugar when it imported 46,000 tons of "estandar" sugar from Mexico to refine and sell, according to the release.

Total U.S. 2008-09 sugar cane harvested acres are estimated at 824,000, with production pegged at 27.15 million tons, according to the U.S. Department of Agriculture.

-By Holly Henschen, Dow Jones Newswires; 201-938-2338; holly.henschen@dowjones.com

(END) Dow Jones Newswires

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Sugar harvest hurt by cold weather, drought

04/07/2009

Palm Beach Post - Online

Salisbury, Susan

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BELLE GLADE Florida's annual sugar cane harvest ended Tuesday as two major producers completed their season. Crops were impacted by four below-freezing events, as well as drought and a bout of unseasonal heavy rains.

Total production was more than 1.5 million tons of raw sugar, slightly below last year's. Florida Crystals Corp. headquartered in West Palm Beach, produced 622,441 tons of sugar.

Clewiston-based U.S. Sugar Corp. ground its last cane at its mill on Tuesday and produced 617,000 tons of sugar. 'This is the second year that drought, freeze, and a lack of irrigation water have impacted the crop,' said U.S. Sugar spokeswoman Judy Sanchez.

Last week, Gov. Charlie Crist announced a scaled-down \$533 million deal to buy 72,500 acres of U.S. Sugar's land for Everglades restoration.

The Sugar Cane Growers Cooperative of Belle Glade finished its harvest in late February, producing 300,811 tons of sugar.

Now that there's a new deal with U.S. Sugar, can we get on with the Everglades restoration

04/06/2009

Sun Sentinel - Online

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The new deal to buy land to help restore the Everglades may not stem controversy, but it should spur state leaders to finally get on with completing one of Florida's more important public works projects.

For \$533 million, the state will purchase 72,500 acres of U.S. Sugar Corp. property. It's a huge reduction from the previous and now clearly unaffordable \$1.7 billion bid of the sugar manufacturer and all of its assets. The new deal leaves U.S. Sugar operating on more than 100,000 acres of property, and the state with an option to buy more acreage in the future.

The state and Everglades proponents may not get all they wanted in this slimmed down deal. Storing water, as envisioned in a best-case restoration plan, will need more than 72,500 acres. Questions remain about mining operations and the need to buy land from Florida Crystals, a longtime competitor of U.S. Sugar and an opponent of the current deal.

Still, South Florida Water Management District officials should approve the deal in the interest of moving forward efforts to restore the Florida Everglades. Delays have not helped this multi-faceted project. Whether it's a lawsuit by a disgruntled party or a presidential veto, time is now the enemy of this historic initiative that began with what sounds like a bargain \$8 billion.

The current agreement gives the state enough land to stake out a considerable and credible toehold to restore water flowing south of Lake Okeechobee. There's enough land to build new surface water storage facilities, something the state has lacked.

More importantly, the deal leaves water managers with enough resources to address other key facets of Everglades restoration, including the badly needed clean-up of polluted water being dumped into the Kissimmee River from farms north of Lake Okeechobee.

Restoring the Florida Everglades will ensure a cleaner natural habitat for flora and fauna, and provide ample water for the region's human occupants as well. The agreement with U.S. Sugar now before water managers remains an important step toward turning that larger goal into a reality.

BOTTOM LINE: Approve the new deal.

New Environment Initiatives Face Hurdles

04/06/2009

American Scientist

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Long at odds with the Bush administration, staffers at the U.S. State Department and other federal agencies are finding themselves "more in sync" with Barack Obama's appointees when it comes to environmental policy, according to a report in the Washington Post.

But the foundering economy is taking a toll on environment initiatives at every level. In Florida, governor Charlie Crist announced Wednesday that the state will cut in half its plan to restore the Everglades by buying land from the United States Sugar Corporation. "The economy has been what it has been," Crist said, "and we have to deal with the parameters we are given."

In an unrelated setback, a recent initiative to promote algae growth in the South Atlantic has gone awry. Dumping iron in the sea did produce more CO2-consuming algae—but shrimplike animals then devoured 159 square miles of the new growth, reducing the appeal of "iron fertilization" as a tool to fight global warming.

Nonetheless, U.S. college students are showing a surge in interest in "clean energy" careers, much as Sputnik's launch 50 years ago spurred student interest in science and engineering. It remains to be seen whether the current trend among undergraduates will carry them into graduate school.

And, after all, the extent of the danger is still uncertain—particularly the idea of a "tipping point," a threshold beyond which our troubles become irreversible. Some climate scientists, like NASA's James Hansen, warn that "If we do not change course, we'll hand our children a situation that is out of their control." Others say that these fears are overblown and could lead to charges of alarmism.

U.S. Sugar Completes Sugarcane Harvesting and Processing Season

04/06/2009

Thomson Reuters

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Weather-Related Impacts Produce Smaller Than Expected Crop

CLEWISTON, Fla., April 6 /PRNewswire/ -- U.S. Sugar Corporation completed its annual sugarcane harvest operations today and the Clewiston Sugar Factory expects to grind out the last cane on Tuesday, bringing to a close the second season of its automated, consolidated sugar manufacturing facility.

The Company harvested 162,725 acres of sugarcane, producing an estimated 5.65 million tons of cane. The Clewiston Refinery, which continues to operate year-round, will produce an estimated 12.35 million cwt. of refined sugar products.

'We have successfully harvested and ground our whole cane crop a little earlier than we anticipated, and the mill operated very well this year,' said Robert Coker, senior vice president, public affairs.

Coker said that like the rest of the Florida industry, U.S. Sugar's cane crop was almost 700,000 tons smaller than expected due to the combined effects of drought, freeze and lack of irrigation water. The company's citrus crop is similarly tracking under estimate by the same percentage for the same reasons.

'With the Clewiston Refinery continuing to break production records, we intend to import sugar to feed the Refinery for the second consecutive year,' Coker said.

'That's the advantage of our modern, automated and fully-integrated sugar operation,' Coker said. 'The low cost efficiency of our sugar manufacturing operations enables us to import raw sugar and refine it at a profit,' Coker said.

Due to the Refinery's record pace last year, U.S. Sugar became the only Florida sugar processing facility to import sugar when it imported 46,000 tons of 'estandar' sugar from Mexico to refine and sell.

SOURCE U.S. Sugar Corporation

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