

EDITORIAL: Scuttle sugar deal

December 15, 2008 - 5:22PM

Today is the deadline for Florida to agree to buy 180,000 acres from U.S. Sugar for \$1.34 billion in order to restore a portion of the Everglades. The company has given the South Florida Water Management District a take-it-or-leave-it offer that has gotten less appealing the more that is known about it.

The government should make like Olympic gold medalist Usain Bolt and sprint away as fast as possible.

The initial plan to acquire land to improve the Everglades had appeal. It involved the water management district purchasing all of U.S. Sugar and liquidating the company, thus removing a major industrial presence in a fragile ecosystem. The firm's owners would be justly compensated for their assets while the government would be able to accomplish its environmental goals without imposing mandates and regulations that infringed on private property rights and added to the company's cost of doing business.

However, the deal evolved over several months to where U.S. Sugar would sell fewer acres and continue operations. The added complexity has raised some troubling questions, the most important being: How much is the land really worth?

Since the deal in principle was announced last month, independent appraisals of the 180,000 acres indicate the government will be paying \$300 million too much for the land. U.S. Sugar says it is offering a fair price and is already looking for other buyers - which sounds an awful lot like "Hey, I've got another couple coming to look at the car in an hour ..."

It's not hard to see why the company would want to close the sale immediately. It forecast a loss of \$4.5 million for this year and is carrying \$600 million in debt. Not only would the deal infuse it with much-needed cash to pay off its debt, under the terms it could lease back much of the land at a much lower price and continue farming it for several years. That's a sweet arrangement that amounts to a government entity bailing out a struggling company. It also would give U.S. Sugar a competitive advantage among other area growers.

Furthermore, one member of the water management district's board contends that most of the tracts for sale aren't needed and are in the wrong place to facilitate Everglades restoration. The district could be buying 140,000 acres it doesn't really need.

Much of the pollution that harms the River of Grass pours into Lake Okeechobee from the north, whereas U.S. Sugar's land is south of the lake. Finally, the government likely will need another 65,000 acres to complete the link from Okeechobee to the Everglades, and that land is owned by U.S. Sugar's chief rival, Florida Crystals. That would necessitate another costly land purchase.

Approving this deal could set a bad precedent for Florida environmental policy. Water management officials should vote "no," call U.S. Sugar's bluff and see if they can negotiate better terms for public dollars.