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## Column: Smaller deal, smarter bet

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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.

U.S. Sugar deal



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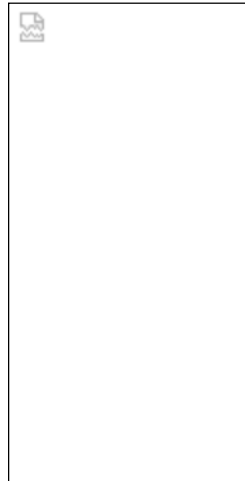


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The result, announced last week, is sweet for U.S. Sugar. It lets the grower, established in Clewiston 78 years ago, continue farming its land - even the land it sells to the water district - for up to 20 years. It raises the rent U.S. Sugar would 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



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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.

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