

Guest commentary: U.S. Sugar land purchase makes 'eco-economic' sense

By ANDREW HILL / Naples / Vice chairman, The Conservancy of Southwest Florida

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On Thursday, a decision in a West Palm Beach courthouse could determine how the state of Florida moves forward with obtaining land that many believe is vital to sustain the environment and the economy.

The acquisition of U.S. Sugar Corp. property by the state has been viewed favorably by most conservation-minded organizations, yet there has been limited analysis of the financial benefits of the transaction. There is no better opportunity to apply "eco-economics" theories and engage in an objective cost-benefit analysis to demonstrate how this acquisition makes perfect sense.

The estimated cost to acquire the initial 73,000 acres is \$536 million. While it is a significant investment, it pales in magnitude to the economic value of ecotourism and sport fishing in the Everglades region.

According to a recently published report on the economic value of the Everglades by Florida Atlantic University, the total annual impact of ecotourism in 2007 was \$1.8 billion. In addition, the total annual expenditures of sport fishing in Florida are estimated to be between \$3.4 billion and \$5.6 billion.

With approximately 70 percent of the state's population residing near the Everglades region, sport fishing in the Everglades appears to be at least a \$2 billion annual business. Just looking at the estimated annual expenditures associated with ecotourism and sport fishing (a combined \$4 billion), the initial acquisition cost of U.S. Sugar Corp. properties of \$536 million appears to be an economically justified investment.

With the initial acquisition representing only 13 percent of the annual economic benefit of just two industries, the investment to improve the long-term health of this sustainable resource appears to be of sound judgment.

The long-term environmental benefits of re-establishing water flows from Lake Okeechobee to Florida Bay also includes minimizing unnatural water discharges, and the acquisition also mitigates other potential expenses. The red-tide problems experienced a few years ago caused dramatic environmental and economic damage to the tourist business on the east and west coasts of Florida. Tourists who experienced nauseating fish kills and respiratory problems are unlikely to return to Florida. In addition, re-establishing a portion of the natural southern water flow will avoid some of the cost of expensive and unproven engineering techniques.

In summary, the U.S. Sugar Corp. land acquisition will help ensure that we have a sustainable natural resource that is integral to the economy of the Everglades region. While the cost to finance the acquisition is significant, relative to the economic benefits derived from the Everglades region the investment is a sound business decision that will pay dividends in the form of improving the quality of life and economic opportunity for Florida residents for generations to come.

Andrew D.W. Hill, CFA, is a senior portfolio manager with Comerica Asset Management. He is the past chair of the RedSnook Fishing Tournament with Roland Martin.



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