

EVG 15

Interviewee: Donald Carson

Interviewer: Brian Gridley

Date: April 24, 2002

G: This is Brian Gridley interviewing Donald Carson at the Florida Crystals headquarters in West Palm Beach. The date is April 24, 2002. Mr. Carson, briefly tell me about your professional background, including education and career positions.

C: I'm from North Carolina. I was educated in public schools in North Carolina including the University of North Carolina-undergraduate school and the University of North Carolina law school. I practiced law with a Wall Street law firm in New York City prior to coming to Florida. The senior partner of that firm was a close friend of Alfonso Fanjul, Sr. [founder of Florida Crystals] who was the father of the current chairman, and that's how I became associated with the Fanjul family about twenty-five years ago. It was a fairly small, but growing company then. We produced about 100,000 tons of sugar the first year that I worked for the Fanjul companies, and today we're producing, if you count our Dominican and Florida interests, between 2.5 and 3 million tons of sugar.

G: Has your work for this company been primarily in the legal area?

C: Primarily, not in the legal area. Early on, I morphed to the business side of the company and worked mainly on acquisitions and major corporate projects. I've always worked with the legal department and continue to do so, but we now have a fabulous guy who's the general counsel of the company. So, I really don't do much of a legal nature anymore.

G: What's your current position in the company?

C: I'm Executive Vice-President of Florida Crystals and a director of Florida Crystals, and I also work closely with the Domino [sugar company] side, the Domino acquisition, and I'm a director of those companies as well.

G: When did you first become involved with Everglades management-related issues?

C: In the early 1990s, about 1990.

G: How did you become involved with those types of issues?

C: The water issue enlarged and consumed an ever-growing level of the attention at the management level. I think we felt, in the company, we had to give attention to it at a higher level and, I guess, I drew the short straw.

- G: Based on your experiences, what do you see as being the two or three most important contributing factors that have led to the present problems in the Everglades?
- C: It depends on how you define problems, but obviously the enormous population increase and all of the development that is attendant to that impacts every aspect of our environment, not only in Florida, but everywhere that you have population increases. Imagine what Manhattan Island would have been like in the early 1600s, or what the San Francisco Bay area was like before it was developed? The natural system has been impacted in a profound way by us, by everything we do. Certainly, the Everglades system is impacted by the farming community and the activity of farming. We're in the middle of it, so we're a part of it.
- G: John DeGrove [Governor's Commission for a Sustainable South Florida, 1993-] once characterized the ecological problems in South Florida as the product of Innocent ignorance. Would you agree with that characterization?
- C: I think so. In our group, we think that the ecosystem and the land that we farm is our core asset and that anything, on a long term basis, that adversely impacts the ecosystem or adversely impacts the land itself we want to avoid that. We've tried to be increasingly sensitive to that and it's a top priority, not only from an altruistic point of view, but it's business driven. We think that we won't be able to survive as a business, on a long-term basis, unless we protect the environment and unless we protect natural assets.
- G: Do you think that represents a change on the part of agriculture in general? Has the agricultural industry become more sensitive perhaps to environmental issues than say, twenty or thirty years ago?
- C: Oh, yeah. Nobody could be honest to you without saying yes to that question. We also know so much more now than we knew twenty, twenty-five, or thirty years ago. Thirty years ago, we didn't know anything about nutrient impact to the natural system, for example. The technology didn't even exist to measure the nutrient levels that we now are talking about, in terms of setting standards for nutrient levels and the water that goes into the Everglades. Thirty years ago, we couldn't measure the levels that are being discussed. Ten parts-per-billion, 14 parts-per-billion, that's like an eye dropper in a swimming pool. How would you measure that? But the technology has arisen over the course of that time that allows us not only to determine impact, but then to fashion remedies where we think things are amiss.

- G: To what extent does the current restoration initiative, embodied in the Comprehensive Everglades Restoration Plan and other projects, represent a change from earlier management efforts?
- C: The Comprehensive Plan is the first time that we have attempted to deal broadly with the water supply issue. Up to the time of the Comprehensive Plan we were addressing, and when I say, we, I mean everybody who has a stake in this, the government, the environmental community, the business community, we addressed issues on almost an anecdotal basis without really looking at the problem on a more global basis and addressing the issue of the flaws that appear to be inherent in the system that was designed originally by the Corps of Engineers as you said, with ignorant innocence. In the early part of the century and in the middle of the 20th century, there were enormous public works projects undertaken using a system and technology that was the best we had at that time. The idea was to drain the Everglades, to drain the swamp, and we succeeded beyond our wildest imaginations and now we have schools and shopping centers and condos and golf courses all over the place where the alligators used to wallow and wading birds used to walk around. In doing that, we took colossal amounts of water that used to flow through the natural system and dump that out to tide through the St. Lucie, the Caloosahatchee, and then the various artificial canals that have been built to drain that system. So, the Comprehensive Plan is the first time that we take a look at the way we designed the system and are trying to correct the things that, with hindsight and experience, appear to have been improvident.
- G: I'm struck by the use of your term we. Is there a real sense now that everyone is working together, and how much degree of agreement is there amongst the various players that are involved in this process?
- C: I think there's a very high level of agreement. If not for that, then I don't think the Comprehensive Plan would have been possible, you couldn't have gotten it through the Congress. The Comprehensive Plan passed the Congress with the combined support of the environmental community and the farming and business community. The environmental community has a vital role to play in our modern society because they keep us focused on the needs of *terra firma*, this watery ball that we all exist on, floating through space. That's a very important role because when you're running a business and your day-to-day pressure is primarily on providing a way of life for the people who are associated with the business, which can only be done if you take in more money than you pay out in expenses, then sometimes it's not your primary focus, the needs of the environment. In my view, that's a vital role and it's a proper one. I'm glad we have it.

- G: Do you think ten years ago you could have used that term Awe?@ Was there that community then, that you believe is there now?
- C: I think we all understand each other and know each other much better than we did then. In some of the earlier episodes, there were elections involved and candidacies involved, and there were rhetorical excesses. People who didn't know each other were suspicious of each other, and I think that is much less the case today, than it would have been ten years ago. I know that as I got acquainted on a personal basis with people in the environmental community, without exception, there have been people that I've enjoyed on a personal level. We'll have dinner together and gossip about all the people we know and they may say something nasty about us in the press the very next day, but we all get the joke at this point, and I think we understand better the role that they have to play, and I think they understand that we're not a bunch of robber-barons. They see with their own eyes what we've done to improve the way that we farm in an environmentally sensitive way. People can't go and look at things like the Okeelanta Coal Generation Power Plant and see the amount of stuff that would otherwise just be piled up in a landfill, that is being turned now into electricity in a way that uses less water and reduces environmental air emissions with state-of-the-art boilers and electrostatic precipitators, and all the other environmental controls that would be on state-of-the-art equipment. People can't go and see that kind of stuff that didn't exist ten years ago and not be impressed. People have to say, gosh, these guys are trying, they're making an enormous effort here.
- G: To the extent that change has occurred as reflected in the current South Florida Project, are there any specific turning points or watershed events that you would point to as having been critical for promoting that change?
- C: Within our group, we had a watershed in the early 1990s. Our chairman, Alfie Fanjul came to feel that the adversarial litigation format in which this whole environmental issue had, in effect, back-slid. The issue sort of slid downhill, backwards, into just an absolute morass of litigation and unpleasant rhetoric and PR campaigns. He is the one in our group who made the decision that, long-term, we had to be part of the solution, and that long-term we had to farm on a sustainable basis, and that we were prepared to invest major corporate assets in identifying the problem and then paying whatever could be fairly judged as our impact to paying that part of whatever the remedy would be. That was a crucial decision and that kind of decision can only be made at the top. That's what the CEO does. After that became articulated in a very clear and dramatic way as the corporate policy that the Florida Crystals group was going to follow going forward, then I think that everything else, at least for this organization, flowed from that decision.

G: In October of 1988, US Attorney Dexter Lehtinen [U.S. Attorney, Dade County, 1988-1992] filed a lawsuit against the South Florida Water Management District, State Department of Environmental Regulation. What was your reaction and the reaction within the sugar industry to that lawsuit?

C: Well, we were unhappy about it. We didn't know Dexter Lehtinen and we had some very aggressive lawyers who were very, very good at what they do. We had the instinct to reach out to Dexter Lehtinen and Carol Browner [administrator of the Environmental Protection Agency, 1993-2001] and Suzan Ponzoli [assistant U.S. Attorney, Department of Justice, Southern District of Florida], and when we proposed to do that, lawyers would react in a very negative way and really talk us out of doing that. Eventually, we just overrode the lawyers. The delightful surprise was that when you got into a room with a Dexter Lehtinen or a Carol Browner or a Suzan Ponzoli, and there were no reporters and nobody hanging around, and you started talking about what the real concerns were and how the issues should be solved, these were people just like us. Dexter is, I don't know if you've interviewed Dexter, but Dexter is so incredibly bright and so knowledgeable on all this stuff. We work very closely with him today.

Ten years ago, if you said, you guys will be joined at the hip with Dexter Lehtinen working on the same stuff and meeting frequently just to sort out and make sure you're on the same page, and you'll be pushing the same environmental agenda, people around here would think you're on crack; but it's happened. Suzan Ponzoli became a great friend of mine. She has a great family. I haven't been in touch with her in a few years, but Suzan and I would meet, not in secret, but we'd meet privately and not tell anyone and exchange views about how we could reduce the level of litigation activity. She was indispensable in getting the litigation settled, what evolved into the Everglades Forever Act [1994 law that mandated Stormwater Treatment Areas], and so was Carol Browner.

G: In 1998, at the same time that this litigation was proceeding, the South Florida Water Management District introduced the SWIM [Surface Water Improvement Management Act] plan for improving water quality in the Everglades. What was your evaluation of the SWIM process and the proposals that the Water Management District was making?

C: I think that the SWIM process was a process that we were a part of initially, and I think our energy at the time was to make sure that there was a way to evaluate surface water management needs fairly. We anticipated that some capital projects would be required, and I think we were apprehensive that we might become targets and be treated unfairly. I think that fairness is what we've had the most energy on. I don't think I've ever once been in any council meeting or in any session where people were trying to figure out how to keep polluting, or to do anything that was in anyway destructive to the environment. I think the people

that I've been associated with, have always had a high level of energy on doing things in environmentally friendly ways.

G: How much do you think the SWIM process eventually contributed to the settlement in the litigation and the development of the Everglades Forever Act, if at all?

C: I think that somebody like **Phil Parsons** would give a better answer to that. Maybe **George Wedgworth** would give a more knowledgeable answer to that. My perception, is that the wave of developments just sort of overwhelmed the SWIM process and it was kind of swept along in what happened with the federal lawsuit and the Everglades settlement and then the Everglades Forever Act, and the building of the projects. The SWIM legislation was certainly the beginning and it's what focused people on surface-water management issues.

G: In September of 1990, Governor Bob Martinez [Florida governor, 1987-1991] organized a closed door meeting to deal with Everglades water quality issues that led to a temporary compromise that would have provided that sugar growers contribute \$40 million to Everglades cleanup based on taxes levied on its members. Why did the sugar growers later back away from that agreement?

C: My memory is not that the sugar growers backed away from the agreement. I think the sugar growers were prepared to move forward. I think I was in the meeting you're referring to. I think that sugar growers were prepared to go forward with that meeting. The environmental community reacted adversely to that approach almost immediately and it came apart at the seams, I don't think that really ever got any legs.

G: So that was never a firm agreement that would have limited sugar liability to \$40 million at that time?

C: At the time, we might have thought that or we might have been agreeable to that. I don't think we knew very much at that time about what it took to get a firm agreement and how many players would have to be involved before you did something that really worked.

G: In July 1991, the federal and state agencies involved with the lawsuit initiated by Dexter Lehtinen reached its settlement agreement. Why did the sugar industry oppose this federal-state agreement in the accompanying consent decree?

C: I'm going to defer to people who are much more familiar with the technical legal issues. There was litigation that ensued as a result of that settlement and the sugar industry litigated with the federal government and with the Water Management District. Our company settled that litigation and before you leave I'll

give you a copy of the settlement agreement, but Florida Crystals is no longer part of that litigation and it's the only company that settled that litigation. We don't like the litigation way of solving problems. I think that the process that the CERP [Comprehensive Everglades Restoration Plan] went through is a much more effective model. When you try to settle these things in litigation, it's incredibly expensive and there's a lot of gaining that goes on that really does not advance the cause.

G: At the time, however, when the federal state agreement was reached, the Flo-Sun Corporation, [former name of Crystal Sugar] as it was called then, didn't support that agreement did it?

C: I think that that's right, we didn't support the agreement.

G: Do you recall the reasons for the opposition?

C: No.

G: How involved were you with the process of negotiations that led to the Statement of Principles agreement announced by Interior Secretary Bruce Babbitt in July of 1993?

C: I was part of a group that worked on that along with Buddy MacKay [Florida Lieutenant Governor 1991-1998] and Bonnie Cohen [undersecretary for management, U.S. State Department, 1997-2001; Assistant U.S. Secretary of the Interior, 1993-1997]. I think they were sort of the co-chairs of the effort and there were representatives from the other sugar companies who were key to that process as well. People from U.S. Sugar, Bob Buker [senior vice president, U.S. Sugar Corporation] was very involved in that. Nelson Fairbanks [president and CEO, U.S. Sugar Corporation] was very involved in that. In our company, Dr. Peter **Rosendal** who has since passed away was a very key player in that. George Wedgworth was a key player in that.

G: Could you describe that process of negotiation? What were the issues that were being discussed?

C: We were discussing a level of financial contribution from the industry and we were discussing quantities of land that would be dedicated to stormwater treatment and where those lands would be located. I think those were the central issues. This process went on for a year, so there were a lot of issues including nutrient levels and targets for various nutrient levels at various points in time.

G: From the perspective of Flo-Sun, what were the positive aspects of the statement of principles agreement?

- C: The positive aspect was the perception that we finally had something that was specific and that, although probably imperfect, was something that would advance the cause of nutrient reduction and reduction of farming impact on the natural system in a very dramatic way, and something that was supported by a broad enough coalition of stakeholders that it could actually be implemented and fortunately, that perception turned out to be true. What was arisen from that Statement of Principles, as far as I know, is the largest capital project ever undertaken in this country exclusively for environmental purposes.
- G: Why did that Statement of Principles agreement fall apart in the fall of that year?
- C: I don't think it did fall apart because ultimately, that Statement of Principles, the key features of it became the Everglades Forever Act, and the Everglades Forever Act has been implemented and continues to be implemented while we're having this interview.
- G: But there was a case where, in the fall of that year, the sugar companies kind of backed away from that agreement. They had some concerns about that agreement. Do you recall what those concerns were and why, at least for awhile, that agreement seemed to fall apart?
- C: I don't recall the specifics of that. I think that in our organization, I don't think that we ever backed off the Statement of Principles. I think that once we signed that, and Alfie Fanjul and Bruce Babbitt had a meeting just before the press conference that announced the principles agreement, I forgot how it was headed, but at that meeting, I remember Alfie saying to the secretary that we really were very, very enthusiastic about pursuing this and that we thought that it could have a major constructive impact on the natural system and we were excited about being part of it. Secretary Babbitt said, that it would be the largest restorative project ever undertaken in the history of the natural park system in the United States, and he was, likewise, very enthusiastic about it. He told Alfie Fanjul that not everyone was going to like it, and that there might be some who liked the issue more than the solution, and I remember his words. He said, I'm going to plant my feet squarely behind this agreement and I'm not going to change; I'm not going to back down. It was sort of a handshake and both of them, by the way, to the best of my knowledge, both of them have been absolutely true to that eyeball-to-eyeball exchange that they had before that news conference took place.
- G: How directly involved has the Fanjul family been in dealing with these types of Everglades related issues?

- C: They've been very involved and very supportive. The negotiations that you are referring to involved very substantial financial commitments from the company and they were constantly aware of everything that was going on.
- G: Were they actually directly involved in these types of negotiations?
- C: Directly involved, yes. I can remember being in touch with Alfie Fanjul and Pepe Fanjul and Alex Fanjul and Andres Fanjul, they are the key owners in the company. I can remember being in touch with them almost constantly during the course of those discussions. They were very concerned and very involved in this, it's their money.
- G: Have they continued that level of involvement in the events that have happened subsequently?
- C: Oh yeah. They're constantly briefed. This remains a key part of the corporate focus. Alfie Fanjul can discuss these issues with you very fluently, [he's] much more articulate than I am.
- G: In early 1994, the Flo-Sun Corporation reached its own agreement with the Department of Interior that you mentioned earlier settling the litigation. Why did Flo-Sun decide to go its own way and break from some of the other sugar companies in reaching a separate agreement?
- C: We didn't consider it a break with the other sugar companies. We thought that at the time, this was a role that we could play. Even though there was no understanding, we felt that we were in a position to go forward in a way perhaps that they were not because of other considerations they had, but we also felt confident that the agreement that we crafted would ultimately be supported by our colleagues in the sugar industry and that turned out to be the case. We were in constant touch with them even though they were not part of the formal agreement. We decided to do that as part of the policy that Alfie made as we started down that road. The goal always was we are going to be part of the solution, and we are going to put our money where our mouth is, and we are going to have a company that operates on a sustainable basis, and we are going to protect our core asset.
- G: What did that agreement provide for?
- C: It provided for an end to the litigation so far as the United States and the Florida Crystals group, or the Flo-Sun group, was concerned and it contemplated that the basic elements of that agreement would be submitted to the Florida legislature, and the legislature would be invited to make that law in Florida. We agreed that Florida Crystals and the full resources of the federal government

would support those principles becoming part of Florida law. In Babbitt's words, this would be the federal government's plan for restoring the Everglades or at least for addressing the nutrient element of that restoration. We agreed, and I don't remember the exact dollars, but we agreed to provide a certain level of funding. There was a provision in that agreement, under which we would have paid those funds directly to the Secretary of the Interior, in the event that the legislature failed to pass the contemplated legislation.

G: Did the legislature followup and pass that legislation?

C: That became the Everglades Forever Act.

G: How would you evaluate the Everglades Forever Act?

C: I think the Everglades Forever Act has succeeded to a far greater degree than we anticipated. The effectiveness of the stormwater treatment area has exceeded everybody's expectations. I think that it is an incredible success. I think that in ten, 20 years from now, the environmental community will point to the nutrient removal effort and to the capital projects that were installed to reduce nutrient impacts in the Everglades; they'll point to that as one of the great successes of the 20th century. It will be regarded as a historic achievement.

G: How important was the contribution of Governor Chiles [Lawton Chiles, Florida governor 1991-1998 (died in office)], both to the process of settling the litigation and bringing about the approval of the Everglades Forever Act?

C: Indispensable. Governor Chiles had the vision. He understood the big picture, he understood where we had to go. The guy who shared that vision and then who grappled with all the details was Buddy MacKay. The other person who has been visionary in the whole Everglades, South Florida ecosystem restoration is Carol Browner.

G: How would you characterize her contribution?

C: Carol was very, very articulate and knowledgeable in the management of the state's side of the issue. Carol was really involved up to her neck in the details until she became the director of the EPA. Carol helped sort of kick things off after Babbitt became the Secretary of the Interior by setting up some key meetings early on so that Babbitt got immersed in what was going on in the Everglades. Because of the fact that she had been the DEP director in Florida then, her staff told her that she was conflicted, so she had to back out of the detailed negotiations. I would count her as one of the people who understood the big picture, who understood where we had to go, and who had pretty darn good instincts when she had to make key decisions about how to proceed. One

of the key decisions that she made [end of TAPE A: SIDE 1] was to try to craft a negotiated solution. Then she participated actively in that effort, which was enormously time consuming, and there were enormous numbers of people to consult with and to keep happy. If you're the head of the DEP, the environmental community is your natural constituency, or they're your primary constituency and it's not like that's a monolithic group. They have their own personalities and people have differing views and so it's a big effort just to try to arrive at a consensus among that group just like in the sugar group; it's not that easy to arrive at a consensus.

G: Marjory Stoneman Douglas [Florida environmental activist; author of *The Everglades: River of Grass*] refused to put her name on the Everglades Forever Act. Why were many environmental groups, along with the Miccosukee tribe [part of Seminole Nation], so critical of this agreement at the time it was enacted?

C: I don't know.

G: Fair enough. How would you characterize or what is your reaction to the continuing litigation that the Miccosukee tribe and others have been involved with in relation to the Everglades Forever Act?

C: I don't follow that litigation, [and] don't have a high level of interest in it. We have some lawyers who track what's going on with that. It's very hard to end those processes, to get them out of a federal court. Once you get in front of a federal judge, and he gets himself immersed in a piece of litigation like that, and he's had people that he has to take seriously stand in front of him and say your honor, the Everglades is dying and you can save the Everglades. It's very hard for, I think, a federal judge to say, well golly, I see all this stuff going on and these capital projects and enormous progresses being made here and I know a lot of money is being spent on this, [but] I think I'm just going to dismiss this case now. But I think that that's relatively inactive.

G: Some critics have asserted that the sugar industry should pay more than the one-third of the cost that it is committed to pay for implementing the first phase of the Everglades Forever Act. How do you respond to that criticism?

C: As I mentioned, one of the key things that was negotiated during the process of our settlement with the Interior Department and with the Everglades Forever Act was the financial commitment of the agriculture community, which has really been very substantial. There was a formula for determining what our share of the cleanup was, and very serious people who had an adversarial relationship with us, negotiated with us, and we arrived at a formula; the purpose of which was to determine what our share of the impact was. We're paying that. We've met all of our financial obligations and we're paying our share of that impact. I

think that's our biggest concern, that we're treated fairly, and we're not the only thing that has impacted the Everglades obviously, the population growth and developments, what's happened north of the lake, all of those have had profound impacts. So, I think rightly we feel that we should not be financially responsible for those impacts. We feel very good about what we're paying, we think it's been fairly calculated.

- G: How was that formula arrived at? What was involved in that process of calculating what the impact was?
- C: Now you've exhausted my memory. I just honestly don't remember the details. I would have to do a lot of preparation to resurrect that, resurrect the details of that.
- G: The Florida Department of Environmental Protection, along with Governor Jeb Bush, recently expressed its support for a ten parts-per-billion phosphorous standard for water quality entering the Everglades. In your view, is the ten parts-per-billion standard justified?
- C: I don't think that's completely understood. I think that we support a level of nutrient loading that will really make the farming community benign to the Everglades system south of the Everglades Agricultural Area. You can be discussing a long time whether that's ten or fifteen or twenty parts-per-billion because we're discussing such minute quantities of nutrients that that's hard to narrow down with that precision. The environmental community has been saying ten parts-per-billion for so long that that's become sort of etched in our minds. I wouldn't be surprised if ten parts-per-billion is the number that we end up with.
- G: What would be the negative cost of going with the ten parts-per-billion standard? Is there some reason that the sugar company, Florida Crystals, would not want to see a ten parts-per-billion standard?
- C: Whatever's done, whatever number is used, will be subject to whatever technology exists. You can't do more than you can do. I think that we will arrive at a reasonable approach to that, and I think as much will be done as can be done.
- G: The Everglades Forever Act also required the use of best-management practices. In practical terms, what does that mean for the way sugar is produced in the Everglades Agricultural Area?
- C: I think that among other things, it means that we irrigate and drain the land on different schedules than we used to. We reduced pumping to a minimum. We've discovered that if we have heavy rains, we can leave the water in the fields

longer than we once thought. That we can pump out at different rates than we once thought. That we can use less fertilizer if we apply the fertilizer using different methods at different times and in different concentrations. All of that is about reducing the level of nutrients that actually gets to the bottom end of the pipe.

G: How successful have those efforts been so far?

C: I think they've been very successful. I think that we reduced the level of nutrients that are going into the Everglades by about seventy-five percent.

G: What was your reaction to the effort by the Save Our Everglades group in 1996 to enact a Constitutional Amendment, Amendment 4, that would have imposed a penny-per-pound tax on sugar production to raise funds for Everglades restoration?

C: We thought that was a rather unfortunate episode, it's a bit like litigation. It becomes a public relations litigation battle and enormous amounts of money are spent by both sides and probably there are features of the campaign that neither side likes, running a TV ad showing a dead deer. I doubt they're proud of that. And our PR campaign, I remember one of the ads we ran showed the Water Management District building and we had limousines and airplanes and so forth, and the implication was that these taxes were being applied unfairly and the money was being squandered with all kinds of excessive expenses. That's what happens in a political campaign and it doesn't advance the cause. I think the processes we have now are having a much more real impact. The penny tax campaign accomplished nothing. Tens of millions of dollars were squandered on that campaign for nothing.

G: Why was Florida Crystals opposed to that amendment specifically?

C: The power to tax is the power to destroy, and for an industry or a business to be singled out in that way, we were convinced that that was the path to oblivion. A penny is a great slogan, but that was an enormous amount of money.

G: Did you have a sense that the sugar industry was being unfairly treated, in that you just reached this agreement on the Everglades Forever Act and committed to making this money, and then this comes along? Was there a sense that oh, here we go again?

C: I think there was a greater sense that it was an activity that would not advance the cause of Everglades restoration. Obviously, we were very fearful. We had to fight that with all our resources because we thought it would be very destructive

to our business. I think there was just a sense of regret that that level of talent, effort, and resources would be spent on that kind of contest.

G: Combined, the two sides involved in the debate over Amendment 4 spent more money than any other political campaign in Florida history. Why did it become such a bitter and expensive campaign?

C: I think again it's one of those instances where people had misperceptions about how the other side would react. In the environmental community, there may have been a lack of understanding of the financial impact of a penny-a-pound tax on the sugar industry or how that would be perceived in the sugar community. I think that it was just misperceptions. The level of threat that that would represent to us was misperceived.

G: How difficult was it to get past that bitterness and rebuild a working relationship with the environmental community in moving forward with dealing with the restoration issues?

C: I can't speak for them. From our point of view, we look on that as an unfortunate episode, like the litigation was an unfortunate episode. We think it's a poor way to advance the cause of environmental restoration. We have made, and continue to do so, to reach out to the environmental community and try to understand their concerns and to work with them. Thom Rumberger [chairman, The Everglades Trust] is a good guy, he's an easy guy to be with. He's a very bright guy, has a vast knowledge and good understanding of environmental issues. After Dr. [Peter] Rosendal got sick, we had a dinner for him, and we had key people in the environmental community sitting at tables with our farm managers and with Andres Fanjul and Pepe Fanjul and me. I think the relationships are vastly improved.

G: Why did the sugar industry focus its efforts on defeating Amendment 4 while largely ignoring Amendment 5, the so-called Polluter Pays Amendment which passed?

C: I think that it was because Amendment 4 was what we thought was the greater evil and we wanted to make sure that we used all our efforts to defeat Amendment 4.

G: When asked why a bill to implement Amendment 5 was defeated in the State Senate in 1997, State Senator Jack **Lavala** of Clearwater blamed the Apolitical heft of the sugar industry.@ How do you respond to such critics who suggest that the sugar industry uses its financial muscle to gain undo political influence?

C: I don't respond to those assertions.

G: Do you think it's a valid criticism?

C: No.

G: Do you think that's misperception on their part?

C: Obviously, we go to the legislature just as the environmental community does and we have our views, and we express those views and sometimes they agree with our views and sometimes they agree with the views of others. I think there's a fairly broad feeling in the community that the agricultural community in the EAA [Everglades Agricultural Area] has made an extraordinary effort to address environmental issues, and to pay a fairly calculated or a fairly determined share. I don't know that that's a precise mathematical science, but what's been done is basically fair, and that what the agricultural community is doing from a financial point of view is a fair contribution and is a fair representation of their portion of the impact on the natural system. If there was not that feeling in the community that that's being done, then you wouldn't have the legislative outcome that you are referring to. If there was **[outrage]** in the community and editorials [appeared] in the newspapers every three days about how the sugar industry is getting off with no significant contribution to cleaning up the Everglades, then you'd have a totally different outcome. I think there's a broad feeling in the community that what is being done is fair and that the financial responsibility has been fairly allocated.

G: Citing problems with soil loss, a recent U.S. Geological Survey report concluded that Agriculture as currently practiced in the Everglades has a finite life expectancy, likely on the order of decades.@ How long can sugar production be effectively sustained in the Everglades agricultural area?

C: We believe for generations to come. We don't agree with those soil subsidence calculations. I'm not qualified to go into detail, but there are practices that we have implemented that inhibit soil subsidence. Who has a greater interest in retarding the soil subsidence than we do? We expect to be around for a long, long time.

G: Are there any specific examples that you could give of what Florida Crystals in particular is trying to do to combat that issue?

C: We rotate with rice because when you flood the fields, it inhibits soil subsidence and we're experimenting with various ways of putting materials back into the soil that it would otherwise be disposed of just to replenish soil debts.

G: Conservation groups have often criticized the federal sugar subsidy, recently stating that the continuation of the subsidy will do A profound and significant harm

to the Everglades and increase sugar prices.@ How do you respond to these criticisms?

- C: The U.S. sugar industry advocates the elimination of all governmental programs that restrict free trade on sugar. The existing sugar program in the United States is designed to protect domestic sugar farmers, as we do with other commodities, from subsidized foreign imports. In a world in which we have free trade on sugar, there are no trade barriers in any countries, the U.S. would be a major sugar producer and a major sugar exporter because our costs, specifically our costs of producing sugar in South Florida, are in the lower 25 percent of costs of production around the world. We're very, very efficient at producing sugar here. What we can't compete with is producers who sell in a protected domestic market as European farmers do, and then are encouraged with subsidies to produce millions of tons of sugar more than what they consume in the European Community. When that sugar is exported into the trash market, where sugar goes that has no domestic home, they receive a direct cash subsidy from their government. We can compete with European farmers. We can compete with Belgian and French sugar farmers. We're as efficient or more efficient than they are, but we can't compete with the French treasury.
- G: After a ten year effort, the federal government in 1998 was able to move forward with the purchase of the Talisman land holdings from the St. Joe Corporation [paper company]. Why did Florida Crystals, along with the Sugarcane Growers Cooperative file a lawsuit to prevent this sale?
- C: The outcome of that lawsuit was a trade of some of the Talisman lands for the lands that are really needed. The outcome of that was that the federal government ended up with the land that is really needed for environmental restoration and I think that all the litigation succeeded in doing was to provide a framework in which that negotiation could take place. I know that those negotiations have been going on for a long time. It's one of those moments where you have to have broad consensus in order to get anything done. The settlement of that litigation provided the framework in which that could be done.
- G: You mentioned earlier that generally, you don't believe litigation serves a useful purpose in moving negotiations forward. Why did you feel in this instance, it's necessary to go to the courts?
- C: I thought that we were going to slide backwards just because of inaction into a situation where the government owned land that it didn't really need and we would still be in possession of lands that were needed for restoration and we would have a lengthy condemnation process. I thought that litigation and others, including George [Wedgworth?], felt as well that the litigation against the sale of the Talisman property, which was based on their failure to do an environmental

impact study, that that was a much lesser evil than going through years of condemnation litigation. You can only be right or wrong with the benefit of 20/20 hindsight, but I think there's a pretty good consensus at this point, that that trade was a good thing.

G: Would you describe the process of negotiations that eventually led to the settlement of the Talisman issue?

C: There were very talented people involved on that. On the federal side, they had a guy named Buff Bowlin, and he was a retired State Department civil-servant, very, very sharp guy. The South Florida Water Management District, Mitchell Berger in particular, played a key role at the end in getting that done. I think he had the confidence of George Frampton [chair, Council on Environmental Quality, 1998-2001; Assistant Secretary of the Interior for Fish and Wildlife and Parks, 1993-1997] and Vice President Gore, those guys had to sign off on that. At that level, how immersed in the details can they be? So, they have to rely on people that they trust. People like Bowlin, Frampton and Mitch Berger deserve an enormous amount of credit for getting something done that was very complex. Now they have the land they need. When they need to build these projects, the land is no longer an issue.

G: How important was the involvement of Governor Chiles in the settlement process?

C: Which settlement process?

G: The Talisman issue.

C: Governor Chiles was one of the people who from the beginning saw the vision of the trades. Governor Chiles always wanted those land trades to be done. There was a guy named **Jack Peoples** who was in the confidence of Governor Chiles, who was also very immersed in the details of the trade. Buddy MacKay was immersed in the detail of that and spent an enormous amount of time and effort working on it.

G: How important was the creation of the Governor's Commission for a Sustainable South Florida by Lawton Chiles in 1994?

C: The Governor's Commission provided a framework in which the stakeholders could become better acquainted, could share views in a more tranquil environment. Dick Pettigrew [chair, Governor's Commission for a Sustainable South Florida], a very talented, very capable guy, and very successful at bringing people together who had at a previous time had an adversarial relationship. I think the creation of the Governor's Commission was a very important element in

moving Everglades restoration from an adversarial scene to a community effort where everybody is involved on a positive and proactive basis.

G: Malcolm Wade [senior vice president, U.S. Sugar Corporation] from the U.S. Sugar Corporation was a member of that commission as a representative of the sugar industry, but the Flo-Sun Corporation didn't have its own representation on that commission. At the time, did you feel that Flo-Sun's interests were being fairly represented on the Chiles Commission?

C: Malcolm Wade, when he was there, he was our representative as well as U.S. Sugar's representative and we thought very highly of his appointment. We were consulted in advance of his appointment and we supported his appointment. I later served on the commission as well, but we didn't feel anyway slighted by that. He's a very, very talented guy. We couldn't have had a better spokesman.

G: Why do you think that commission was able to generate so much consensus? It produced a conceptual plan in 1996 that all the members signed on to. How was it able to achieve that?

C: I think that Dick Pettigrew worked very hard, worked tirelessly at understanding everybody's point of view. He was able to get people to grapple with the issues without the rhetorical fireworks and without the grandstanding in the newspapers. That commission made an enormous contribution. The other group that made an enormous contribution was, there was a technical advisory group in which Dr. Peter Rosendal was a key player. The specific details of what would be done and where, that was all crafted out by that group. That was a group that everybody had a lot of confidence in. The Water Management District had people there, the environmental community had people there, Tom MacVicar [former deputy director of the South Florida Water Management District] was a big contributor to that effort along with Pete Rosendal and others. There's been less controversy about the size of the stormwater treatment areas and where they were going to be and what pumps were going to be involved and volumes because all that was worked out by people who knew about those things and that everybody trusted. Pete Rosendal, for example, he was trusted within the environmental community. The guy was a straight shooter and they knew that when he said something, he was not only being forthright with them, but had a vast knowledge [of the topic]. He started out working for the Everglades National Park.

G: You remember Jeb Bush's Governor's Commission for the Everglades is that correct?

C: Right.

- G: How would you compare Chiles' Commission to Governor Bush's Commission?
- C: I think that we're at a much more advanced stage in the process now. I think there's less for Governor Bush's Commission to do than there was for the Chiles Commission to do in the early days. I think there really is a pretty broad community consensus at this point on what needs to be done.
- G: What then, has been the function of the Bush Commission?
- C: To make sure that things keep moving, that nobody drops the ball.
- G: Do you think it's been effective in that respect?
- C: Yes.
- G: In general, how would you characterize the working relationship between the sugar companies, particularly as it applies to Everglades management issues?
- C: I think that we've all been cheek-by-jowl. Alfie Fanjul has had a wonderful vision that has guided the details of this group on the specifics of Everglades restoration. He and George Wedgworth have been friends for 50 years and I don't think there's ever been any important disagreement about the broad approach. U.S. Sugar has had very talented people involved every step of the way. Bubba Wade has been a key player in this and he's been a great representative at U.S. Sugar and has had a high level of responsibility about that. Bob Buker was a guy that was very interested and who had the same view that we do over here, that we want to be part of the solution, Nelson Fairbanks likewise.
- G: What is the purpose of the Florida Sugarcane League?
- C: The Florida Sugarcane League is our trade association.
- G: Does that league at all provide any coordination mechanisms for dealing with these types of political issues or is it more of a business directed association?
- C: Both.
- G: How would you evaluate the restudy process that led to the development of the Comprehensive Everglades Restoration Plan?
- C: I thought it was a very successful process. In the end, when you had the farming community and the environmental community both advocating passage of the

same piece of legislation, that's fairly remarkable. I think that's something that would not have happened ten years ago.

G: How involved were you personally in that process, either in the development stage or in working to get the legislation passed in Congress?

C: I was involved. I think George **Dominesis** by that time was much more the point guy along with Pete. Pete was out front on that issue as well and then Pete became ill and a lot of the things that Pete was doing fell on George, and George has handled it magnificently. George is also a trustee of the Everglades Environmental Protection District now, represents us there. The most talented people in all the organizations have worked on this issue, and I think that's the reason for its success is because at Sugarcane Growers Cooperative and at U.S. Sugar, and at Florida Crystals there's been that level of commitment to getting something done.

G: Were the views of Florida Crystals and the sugar industry in general, given adequate consideration by the Corps of Engineers during the restudy process?

C: I think we've had good access to everybody that we needed access to.

G: Why was the Chief's report, written by Lieutenant General Joe Ballard [commanding general, U.S. Army Corps of Engineers, 1996-2000], that accompanied the Comprehensive Plan to Congress so controversial?

C: There are others who are more qualified to discuss the details of that, but I think that the Chief's letter differed in very substantial ways from the plan that had been agreed to as the outcome of a very lengthy process in which all the stakeholders were involved. I think when the Chief's letter deviated in important ways from the outcome of that process, then the Chief's letter, I think, caught some fire.

G: What specifically was it about what the Chief's report said that you may have been opposed to?

C: I think that I'm going to let you interview George to get into the details of that or **Phil Parsons** or we can designate others. I know about that stuff sort of, but I'm [not] going to embarrass myself with an incomplete understanding of the details.

G: Let me move to the legislative phase. As the Comprehensive Plan was submitted to Congress, and Congress began debating legislation to put that plan into action, what were the primary concerns that Florida Crystals had during that process?

C: In the CERP process?

G: Once CERP had been submitted to Congress and Congress was developing legislation in the form of the Water Resources Development Act 2000, were there any concerns that Florida Crystals had as that legislative process was unfolding?

C: I think our primary concern was to make sure that adequate preparation is made and that adequate investigations are conducted, so that when you really started to spend the big bucks, you have a high level of confidence that it's going to work. I think that's where we are. We want to make sure that whatever's done works.

G: Could you talk a little bit about the effort to try and get that legislation passed?

C: The person who was on the ground doing that is George **Dominesis** and I think that he's much better qualified. He's the guy who spent the time in Washington. That's about the time we were working on the Domino acquisition as well. Not everyone can work on everything on the same time.

G: How would you characterize the effort by all the different players involved? Many people have described this as a unique time where sugar, environment, state, the Corps, that it all kind of came together. Was there a real sense that everybody was on the same page and working towards the same thing? Or, were there still areas of disagreement as you went through the legislative process?

C: I think from the time that negotiations for the Principles Agreement, from the time that process got started, it became a much more collegial effort. I can remember being in the secretary's dining room at the Department of the Interior with pizza boxes all over the table and with the Secretary of Interior coming in and out, with the Lieutenant Governor of Florida there, with key people in the Justice Department and senior executives from every sugar company all in the same room trying to advance the same ball. And not just once, but week after week with Buddy MacKay in particular, with all he had to do, devoting his time going to Washington and sitting in those discussions for days at the time. I think that was a unique time and a unique effort.

G: How would you evaluate the final plan that was approved in the Water Resources Development Act of 2000? [end of TAPE A: SIDE 2]

C: I think it's the outcome of the best collective thinking of the best people we have. We're proud to have been a part of it and we're actively participating in the implementation.

- G: How confident are you that as, CERP gets implemented, it's going to correct the problems that are in the Everglades now?
- C: I think that we're really very confident that it's going to advance the cause of environmental restoration. It confronts the issue which had not been confronted before, and that's the issue of overall water supply. How do we add water back to the system? That's indispensable. You can talk about water quality all you want and if there's no water, then what difference does it make how much nutrients it has in it? It attacks that problem. We're going to learn as we go. Not everything that is done is likely to be perfect. There's some aspects of the plan that are still in the developmental stage. It's an iterative process, it has to be, but it represents a dramatic community commitment to do something and to devote major resources to it. I think it's historic, it's indispensable. We have to do it. The generations ahead of us will look back kindly on us I think, for having done it.
- G: Do you think CERP does enough in terms of meeting the needs of the agricultural community as well as providing for the interests of the urban environment and the natural environment?
- C: It provides a framework in which all those interests can be fairly treated.
- G: As the implementation of the Comprehensive Plan moves forward, how should we evaluate its success or failure?
- C: If it's successful, there will be more water and the quality of the water will improve. [Also,] the system will have a greater adherence to our perception of the way it was before all the development and all the diking and ditch-digging took place.
- G: Some people question whether or not restoration is even the right word to use here. Is it really possible to restore the Everglades, is that what we're talking about here? Or are we aiming at something that's different than that?
- C: Man has managed his environment and bent his environment to his purposes from primeval times. I think as we learn more about the environment and what we do to the environment, then we have greater and greater sensitivity to the environment and we want our presence on the earth to be lighter and lighter.
- G: I'd like to mention a couple of specific groups and organizations and ask you to evaluate their overall impact on the Everglades restoration effort starting with the Corps of Engineers.

- C: They're indispensable, they do the nuts and bolts. After all the debating, after everyone's had their say, when the decision makers have signed off on what has to be done, they're the ones who have to do it. I think that today's Corps of Engineers is, like all of us; more environmentally sensitive than they were at other times. The Corps of Engineers put up the Glen Canyon Dam on the Colorado River. Now, it's the Corps of Engineers that has to design and take a major role in building structures that enhance environmental quality. I don't think anybody was thinking about environmental quality when we dammed up the Colorado River and created Lake Powell; probably not a decision we'd make today.
- G: The Department of Interior, including the National Park Service and the Fish and Wildlife Service.
- C: During the course of my experience, the Interior Department has taken the lead for the federal government. Our experience with the key people at Interior was very positive. We found bright, knowledgeable, concerned people at all the levels we dealt with. Fish and Wildlife, I don't know that I had a lot of dealings with them. I guess, the Loxahatchee Wildlife Preserve, there was a great guy who ran that for years and his name won't come to me at the moment, but he was a colorful guy and he was a player. Burkett Nealy is the guy I was trying to think of. Anyway, he's retired now. I don't know if he's still living, but a fun guy to be with.
- G: South Florida Water Management District.
- C: The Water Management District has great people, they have dedicated people. Henry Dean [executive director, South Florida Water Management District, 2001-present] is a great guy, extremely knowledgeable. The guy who handled some of the key negotiations, Bill Malone [director, construction and land management department, South Florida Water Management District], was the guy that knew the details. Sam Poole [executive director, South Florida Water Management District] was a strong environmental guy and at the same time, Sam was a guy that we could go to and express our concerns and he would address those concerns. We didn't always agree with his solution, but we respected him and he was bright, he was practical, he knew how to develop political consensus.
- G: Do you think the Water Management District today is different than say, ten years ago?
- C: Today, I don't think anybody gets appointed to the Water Management District who is not perceived to be someone who is sensitive to environmental concerns and has that as a high priority on their agenda. You will see people who actually come from a business community or an engineering background, but the ones I

have talked to are uniformly knowledgeable in this whole restoration effort and that probably was not entirely the case ten years ago, fifteen years ago.

G: The State's Department of Environmental Protection.

C: I've talked quite a bit about Carol Browner already. She's someone that I regard as a friend and that I respect a lot and is enormously talented. I don't know David Struhs [Secretary, Florida Department of Environmental Protection, 1999-present] as well, but I've met him a couple of times. He is very bright and he just wants to keep the ball moving, that's my perception of him.

G: The environmental community.

C: One of the fun things that I've had an opportunity to do is to get to know a lot of those guys. They're dedicated, they have an important role to play in the life of the community. Many of them have pursued environmental careers at the sacrifice of other things that they could do that would probably be financially more lucrative. I have really enjoyed knowing a lot of the people in the environmental community.

G: Finally, the media.

C: They keep us on our toes.

G: Has the media treated the sugar industry fairly?

C: They don't treat anybody fairly. They're not in the business of treating people fairly. People get upset with what appears in the newspaper because they misunderstand the role of the newspaper. They are in the business of selling newspapers, and announcing that the Everglades has been restored and we don't need to worry about the Everglades anymore, that's not going to sell any newspapers. Imagine a banner-headline in the *New York Times* that said 3,800 commercial air flights took off and landed safely in the United States today. How many newspapers would that sell?

G: Do you think the media has focused perhaps specifically, on the industry? I know they criticize everybody, but do you think they've singled out the sugar industry coming up with phrases like Big Sugar and trying to make the sugar companies the bad guy, so to speak?

C: I don't know. I think we were there, I think we were fun for them. We made it easy. I think we have a sense of humor about that these days that we once might not have. But, I think that we're also more sensitive to the way we're perceived by the public than we used to be. We used to think listen, we're in

business and it's a private business and it's nobody's business. I think the attitude today is that we can only thrive in this community if we have a good reputation in the community. For a business to have a good name in a community, you can't fake that. You're going to have to actually do stuff, you're going to have to be involved, and you have to be sensitive to the way we're perceived in the community. I think we're better at that than we used to be, and we need to be, we should be as part of our responsibility.

G: Looking toward the future, what should be the most important goals and priorities of the restoration project?

C: More water and better quality water.

G: How do we get there?

C: I think we're going to have to build structures. We're going to have to alter some structures that already exist. As we develop in the future, we have to be more sensitive to the environment than we were in the past and I think that that's happening. The community will continue to grow. This is a wonderful, wonderful place to live. My kids are grown and they want to live here and I expect they're going to be having kids soon. The Fanjul family, they're kids now and grand-kids now, substantially all of them live here. They want to live here and they love to fish here and hunt here. We've got our own environmental radicals right here in this boardroom. I think things are going to get better.

G: What do you see as being the most important obstacles to successfully restoring the Everglades?

C: I think we have to avoid the mistakes of the past and we have to make sure that we continue the dialogue, that we're all listening to each other. If we do that, I think that we're going to find that the agenda is largely a common one. I think wherever we can avoid litigation or political contests like the Amendment 4 campaign that just waste resources. I think that we'll move ahead more rapidly. If we divert attention to those kinds of things I think we'll slide backwards from time to time. I perceive that there's a better climate these days and that those things are hopefully largely behind us.

G: Earlier in the interview, you talked about population growth being one of the primary factors that have contributed to some of the present problems we have now. Do you think that the population growth issue has been addressed as part of the Comprehensive Plan or other projects?

C: There are a lot of philosophical things going through my mind. Population growth as a global issue, population growth in the United States. Population growth

seems to be tapering off a bit, but I think we will continue to have people who want to migrate to Florida. We'll continue to have pressure for land development here, but I think we've learned a lot that in the future we'll do that in more sensitive ways. One of the things that we'll probably be better at is assessing on development, the real impact on infrastructure of that development.

G: There are statistics or projections that suggest the population of South Florida may double by the year 2050 to about 12 million, I believe. If that were to occur, do you think that it will still be possible to achieve the objective that are envisioned in the Comprehensive Plan?

C: I don't know.

G: Let me ask you then about some of the state, local, and county efforts to control growth management. Do you believe that those efforts have been effective in dealing with the growth issue?

C: I think it's a matter of degree. I think they've certainly been partially effective. Future growth is a decision that we have to make as a community as to how future growth will be managed.

G: Is that an issue that you and Florida Crystals have had to deal with at all? Kind of balancing the interests of the agricultural community with that of the urban cities?

C: The interests are not exactly the same. The word you used is balance, and I think that's what we have to try to achieve. We believe, that there will continue to be a place in the South Florida community for a large agricultural enterprise and that it's important to maintain agriculture. We have a half-million acre food growing asset that's in the middle of a doughnut, Orlando, Ft. Pierce, West Palm Beach, Broward County, Dade County, you have a huge population circle that is around the Everglades Agricultural Area. I personally foresee that the ability to raise food, that the importance of that, and the perception of its importance will grow as the population increases.

G: My final question. What are the most important lessons that you have personally learned from your experiences with Everglades issues?

C: It's more important to listen than to talk.

G: End interview.