00-037-2
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CITRUS GROWER ASSOCIATES, INC.

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January 4, 2001

Docket No. 00-037-2
Regulatory Analysis and Development
PPD, APHIS-USDA
Suite 3C03
4700 River Road Unit 118
Riverdale, MD 20737-1238

Dear Sirs:

Attached hereto are four copies of comments and recommendations on a proposed rule on "Citrus Canker; Payments for Recovery of Lost Production Income", published in the Federal Register, Volume 65, No. 236 on Thursday December 7, 2000, pages 76582-76588 and signed by Bobby R. Accord, Acting Administrator, APHIS on December 1, 2000.

These comments are filed by Citrus Grower Associates, Inc., a citrus grower cooperative organized under the laws of the State of Florida. It is a non-profit corporation representing approximately 130 individual growers who collectively own in the neighborhood of 75,000 acres of citrus grove in Florida. The author of the document is Dr. James T. Griffiths, the Managing Director of that organization. My Vita is attached to this letter as Exhibit 1. I have been intimately associated with the activities of APHIS since the time when I was first in their employ in the summer of 1939 in Iowa. I have owned and farmed citrus in Florida for almost 50 years, I have been intimately associated with the canker eradication programs in Florida, and I have visited Argentina to see citrus canker at first hand there.

This organization fully recognizes the invaluable role played by Commissioner Bob Crawford and the Florida Department of Agriculture in beginning the process to assure that adequate compensation would be made available by the federal government as a part

of the citrus canker eradication program in Florida.

To that end, the Congress and the USDA are to be commended for providing very adequate funds to cover just and fair compensation, representing market value, for commercial citrus groves destroyed in the campaign to eradicate citrus canker from Florida.

Unless the eradication program effort is beset by failures that are not currently anticipated, more than adequate funds are available to pay commercial citrus grove owners a per acre value representing fair and just compensation for the trees destroyed. There is every reason to base such compensation upon industry average production, average returns per acre and average costs per acre, but with the provision that individual grove owners, who believe they have lost groves which were above average, may provide records to demonstrate that the grove which they owned and which was destroyed had substantially higher returns, or lower costs and therefore, was of greater value than the average values which were being offered all such owners.

As stated in the document, "The amount that would be paid per acre for destroyed commercial citrus groves would vary, depending on the type of citrus trees that constituted a particular grove". This clearly appears to mean to pay different values, not only by variety, but for differences caused by differences in yield per acre and returns per box depending upon local and particular circumstances, but the proposed compensation would represent an average grove under average conditions.

Unfortunately the authors of the CFR proposal apparently failed to understand the dramatic variation caused by the number of trees planted per acre at any given age on the size of the tree and the boxes of fruit produced per tree. Thus, the age of the tree when a grove may reach its maximum yield may vary from12 to as many as 40 years depending on tree spacing and the number of trees per acre. These same two factors determine whether after having reached maximum yield, the trees will maintain that level of production, or will, in fact, because of growing together in a hedge row, suffer from declining yield per tree and per acre into the indefinite future. The difference in the expectation of declining or increasing yields affects market value and the amount of expected lost production at the time of destruction. This must be accounted for.

This lack of understanding has been compounded by advice from the USDA General Counsel's Office which has prevented personal communication with Administrator Reed in his office when it could have had a beneficial effect upon the rule making process. This was done arbitrarily and without, what appears to be, firm foundation in law, but rather the convenience of the Department.

Proposal 00-037-2 actually provides higher than average market values, offers no opportunity for superior groves to be offered greater compensation because of their superiority, and, in fact, the payments suggested are so high that they could actually encourage the unscrupulous operator to artificially spread citrus canker.

Therefore, it is recommended by this Association that the rule in its present form be withdrawn, that hearings on how best to determine fair and just compensation be held immediately in Florida, the proposal be redrafted to reflect average yields by specific variety as published in Citrus Summaries prepared by the National Agricultural Statistical Service in cooperation with the Florida Agricultural Statistical Service, and that it contain provisions to pay above average compensation to those grove owners who had superior producing groves destroyed.

Sincerely yours,

J. T. Griffiths, Ph.D
Managing Director

JTG/pw

BIOGRAPHICAL INFORMATION

Name:	James T. Griffiths
Address:	2930 Winter Lake Rd. Lakeland, FL 33803
Place of birth:	Alta Loma, Texas, 1914
Universities attended and degress:	B.A. - Rice University 1937 M.S. and Ph.D. - Iowa State 1939 - 1941
Military record:	WW II Service ended as a Captain in the capacity of entomologist with the 8th army Hq. in Japan.
Employment record:	1946 - 1951 - Research entomologist, Fla. Citrus Experiment Station 1951 - 1954 - District Sales Manager, Lyons Fertilizer Company 1954 - 1959 - Production Manager, Eloise Groves Assn. 1959 - 1967 - General Manager, Cypress Gardens Citrus Products 1967 - 1981 - Director, Special Projects, Florida Citrus Mutual 1981 - date - Citrus Consultant and Managing Director, Citrus Grower Associates, Inc.
Honorary organizations:	Phi Kappa Phi Sigma Xi Gamma Sigma Delta

Formerly a Director of Florida Canners Association, Florida Citrus Mutual and Trustee of Polk Community College.

Presently a member of the Mutual Citus Disease Committee, Factor-yield Council, Diaprepes Task Force, Industry Harvesting Council, Medical Research Council, Florida State Horticultural Society, Entomological Society of America, Institute of Food Techologists, Florida Entomological Society (past President), Florida Citrus Production Managers Association and Florida Farm Bureau.

Nominated to the Florida Citrus Hall of Fame on March 18, 1998.

Publications: In Excess of 75 Publications dealing with citrus problems in Florida.

Criticisms and Suggestions of APHIS Citrus Canker Proposal

in the Federal Register, Thursday December 7, 2000*

by

James T. Griffiths, Managing Director
Citrus Grower Associates, Inc.

The concept of paying fair compensation to citrus growers whose trees were destroyed because of Asiatic Citrus Canker for the benefit of the entire industry is laudable, desirable, and legally required. However, providing only single values for a given variety and setting these proposed values substantially above the average commercial market value represents failure to provide a mechanism for individual payments to fairly and properly represent the actual commercial market value of individual groves at approximately the time of their ordered destruction. This is poor government policy and is unfair to those who owned above average groves, to those who must pay the taxes now, and to those who will pay the taxes for compensation programs in the future. It is a bad precedent.

The Congress has appropriated adequate funds for compensation and while Congressional action has placed limits on the manner in which "replacement cost" has been paid, the balance of the payment should be designed to represent the value of the trees, without any value attached to the land, in the individually destroyed groves.

That value is based, not only on the variety and the age of the trees at the time of destruction, but it is also a function of general location, the tree size and condition, the root stock used, the spacing of the trees with the resulting number of trees per acre, and the expectation of increasing or decreasing yields into the future.

On page 76583 of the federal register for December 7, 2000, the following statement appears.

> "The amount that would be paid per acre of destroyed commercial citrus groves would vary, depending on the type of citrus trees that constituted a particular grove."

"Type" is commonly defined as "things sharing a particular characteristic, or set of characteristics, that causes them to be regarded as a group, more or less, precisely defined."

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* This document addresses only oranges, grapefruit and tangelos. It intentionally omits any mention or reference to the values placed on lime groves.

Generically this would appear to encompass variety, rootstock, age, size of the tree, location and general tree condition. The authors of the CFR document appear to define "type" to mean only variety. They ignore the dramatic effect on average yield and income from the inter-relationship between age, planting distance in the in the tree row, and the number of trees per acre.

These relationships will be discussed in detail later, but the USDA writers appear to suggest that the older the grove, the greater the yield. Nothing could be farther from the truth. The more closely planted the grove, the greater the tendency to form a hedge row, and the younger the grove will be when it reaches maximum production. Hedge rowed groves, after reaching maximum yields in 10 to 15 years tend to then have decreasing yields, or at best much less than maximum yields, over the latter part of the grove's lifetime. That phenomenon is well recognized within the Florida citrus industry. The principle has been totally ignored in the CFR proposal.

The condition and nature of some of the groves which were destroyed was such that they were obviously inferior groves and not particularly well cared for. The idea that these inferior groves should receive the same identical payment as a superior grove with well above average production is unfair both to the payor and to the payee. Such treatment not only does not represent the market value of the trees at the time of destruction, but also is unfair and represents a lack of understanding of the Florida citrus industry.

While it is accepted that averages must be used to suggest tentative average values for average and below average groves, provision should be made to allow individual grove owners to receive full value for superior groves. It would be naive to think that those with inferior groves would ask for less. That's hardly human nature, but if the suggested average value is a conservative estimate, then all those who have above average groves should have the opportunity to demonstrate their grove's value considered on an individual basis.

Background.

The USDA began aerial photographic surveys of citrus acreage in Florida in 1966. These surveys are repeated every two years. Acreage of citrus reached a maximum about 1970 of 941,000 acres. As the result of freezes in the 1980's, acreage generally decreased to a low of 733,000 acres in 1990 and then increased to an estimated 832,000 acres in the winter of 1999-2000.

Particularly over the last 20 years, citrus groves have shifted from the colder areas of the central Ridge to the flat lands of the lower Peace River valley, southwest Florida, and further interior on the East Coast in the counties of Martin, St. Lucie and Indian River. Accompanying this shift has been a dramatic increase in the number of trees planted per acre for all varieties.

At the present time, there is no yield data which accurately represent the precise differences between variety/root stock combinations as affected by planting distance, number of trees per acre, and chronological age.

In general when more than 90 trees per acre are planted, and trees are closer in the row than 20 feet apart, there is the tendency for maximum yield to be obtained quicker with a larger number of trees per acre. Thus, groves containing a 150 to 200 trees per acre commonly reach maximum production in the 10 to 15 year age range.

Historically, all hedge row groves have tended to reach a maximum, stabilize for a short period, then to slowly decrease in yield for the next several years, and finally to level off \at something well under their earlier maximum production. By contrast, plantings from the 1920's through the 1950's were often at as low as from 60 to 75 trees per acre and these groves tended to have production increase over a period of 40 or more years, as the trees continued to grow larger. Thus, it's essential that in computing grove value one recognize the effect of planting distance on whether the grove has yet to attain maximum production or whether it's already over the hill and production is going to decrease. That affects the market value of the grove at any moment in time.

Variety and Rootstock.

The present CFR proposal has only separated some varieties. It has proposed that all grapefruit groves will be paid for as though they were red seedless varieties. Most of the affected groves have been red grapefruit, but they vary in age, number of trees per acre, and location, and some other grapefruit varieties have been destroyed.

Navels are obviously a different variety from most early-midseason oranges. Although the general statistics from the industry allow for Navel separation, this CFR proposal lumps them together. Tangelos have properly been segregated, as have Valencias

Rootstock can largely be ignored, because grove values tend to relate to actual yield per acre and where a rootstock is subject to disease, yields are reduced. The only exception would be in the case of sour orange root stock with oranges, because this combination is particularly susceptible to the virus disease, Tristeza. Orange grove on sour stock can be expected to probably die within a relatively few years as a result of the spread of the recently introduced brown citrus aphid, the vector of the disease. Thus, such groves might have had their market value depressed.

Trees per acre.

The proposal considers only 118 trees per acre for early- midseason oranges and navels, 123 trees per acre for Valencias, 114 for tangelos, and 104 for grapefruit. These numbers were dictated by the Congress in a legislative effort to standardize replanting compensa-

tion by variety, and to avoid the distortion of using a single replanting value per tree, but paying on the basis of the trees per acre in the destroyed grove.

Table 1 shows figures from the Commercial Citrus Inventory published in August 2000, which compare the number of trees planted per acre by variety according to when they were planted, with several years being averaged for the period before 1956 and for the decades from 1956 -1965 and 1966 -1975. Subsequent numbers represent the averages per acre for the trees planted in 1980, 1985, 1990 and 1995. In addition, are shown the trees which in 2000 represented non-bearing trees of less than 3 years of age, all bearing trees, and all trees by variety.

The greatest number of trees planted per acre in any one year were 145.7 trees per acre in 1994 for all citrus, 148.5 for oranges in l989, and 131.3 in 1993 for grapefruit.

In the latest tree census the major counties where canker has caused the destruction of trees, the number of trees per acre for all citrus is 107.9 for Hillsborough, 122.2 for Manatee, 147.5 in Collier, and 154.1 in Hendry. These numbers reflect the older trees and earlier planting dates in the more northern counties of Hillsborough and Manatee

Muraro (Univ. of Florida, Institute of Food and Agricultural Science) did use 104 trees per acre for grapefruit and 131 trees for all oranges in a proposal which he prepared dated October 20, 2000 to demonstrate a generalized procedure for computing value depending on yield per acre. The averages used in the replacement compensation legislation and in this proposal appear to slightly understate the actual averages in the field. As noted above, the number of trees per acre dramatically affects the size and yield of a tree as it ages.

Yield per acre.

In dealing with yield, the proposal errs in using a weight of 88 lbs. per box for all varieties. The legally defined weight of a box of oranges is 90 lbs. and grapefruit is 85 lbs. Use of the number 88 well illustrates the lack of understanding, on the part of the authors of the proposal and those who approved it, of the Florida citrus industry.

The average yields per acre which are suggested in the CFR proposal are generally on the high side. Table 2 compares the yields per tree according to age which are used in the proposal under the column CFR with similar age groups as published in the official statistical summary prepared by the National and the Florida Agricultural Statistics Services. The age categories are different and the number of boxes for the older trees are higher in the CFR proposal in all instances. Neither sets of data mention the effect of the number of trees per acre (actually the effect of number of square or cubic feet of soil per tree) on the yield per tree.

Table 1

Number of Citrus Trees Planted per Acre by Major Variety Over the Last Century*

When	Oranges**					Grapefruit				All
Planted	Early	Mid	Val.	All	Tangelos	MS	Red	Seedy	All	Citrus
before '56	87.4	82.0	93.2	91.6	75.8	82.9	75.7	79.3	78.5	89.5
1956-65	95.5	104.9	102.5	100.1	92.7	82.2	86.6	91.8	83.1	98.2
1966-75	116.9	118.7	117.5	117.5	110.5	92.6	96.0	90.8	94.1	108.3
1980	115.3	119.8	123.9	119.5	106.5	108.2	103.6	88.2	104.2	118.5
1985	124.3	123.9	136.6	129.3	131.7	100.0	116.3	100.0	112.8	129.0
1990	139.4	140.2	153.7	147.6	151.5	113.7	121.3	99.1	117.7	144.2
1995	137.0	126.7	144.6	140.2	140.1	114.8	130.6	88.9	120.7	139.9
non bear.	132.6	132.9	133.9	133.8	123.0	105.6	124.5	92.8	114.5	133.0
bearing	127.5	122.4	135.0	130.7	122.8	100.6	111.5	90.8	107.0	127.7
All	127.8	123.0	134.9	130.1	122.8	100.8	111.8	90.8	107.2	128.1
USDA	118		123		114				104	

* From Commercial Citrus Inventory in a preliminary report published by NASS and FASS on August 31, 2000

**Navel data not separated in this Report

Table 2

A Comparison of Boxes of Fruit Per Tree from Citrus Summary* and CFR Proposal

	Red Gft.		Val.		EM-N		Tang	
Age	CFR	5 yr.* avg.	CFR	5 yr.* avg.	CFR	5yr.* avg	CFR	5yr.* avg.
1-2	0	0	0	0	0	0	0	N.A.
3-5	$1.95	$1.96	$1.18	$1.14	$1.23	$1.23	$0.87	
6-8	3.19	3.19	2.09	2.09	2.69	2.69	1.90	
9-13	4.20	4.20	2.30	2.30	3.56	3.56	2.51	
4-19	4.91		3.64		4.71		3.32	
4-23		4.82		3.15		4.43		
20-36	5.28		4.38		5.67		4.00	
24 +		4.99		4.12		4.99		

* Citrus Summary 1998-99, January 2000, NASS & FASS

The Citrus Summary does not state whether it is using chronological age or apparent tree age based on the size of the tree. The CFR proposal appears to conclude that its numbers represent chronological age when computing grove values. It has to be recognized that a 20 year old tree will be much larger and will bear substantially more fruit if it is in a grove with only 70 trees per acre as compared with one in a grove where there are 150 or more trees per acre. This results in an erroneous and improper calculation of value per acre as proposed in the document.

Table 3 shows 5 and 10 year average yields per acre for white marsh and red grapefruit as well as the average for all grapefruit; and compares Valencias with early-midseason navel, with navel only, and with all oranges. The table also includes the highest average yield for each variety recorded in an individual year within the last 10years. On the right hand side of this Table are shown the average yields for trees between 14 and 36 years of age as used for determining value in the CFR proposal. When these latter computations are compared with the official published average yields, the published figures are, without exception, lower and sometimes very, very substantially lower than the averages used in the CFR proposal. This again substantially distorts and raises the value of an acre of citrus. That is wrong.

Value per box.

Values per box shown in the tabular material on page 76584 of the Federal Register for December 7, 2000 are $3.58 for grapefruit, $4.14 for orange-navel, $5.29 for Valencias, and $3.88 for tangelos. These are very close to 10 year averages the author computed from data in the NASS-FASS 1998-99 Citrus Summary. The differences are probably due to the use of tentative figures in the publication for the 1998-99 season, but which were corrected and available in the fall of 2000 and well before December 7, 2000.

These values per box are shown in Table 4. Here the CFR average returns per box are compared with average returns for the last five and ten years using NASS and FASS Citrus Summary data. Two 10 year averages are presented. One uses final figures for the 10 years from 1989-1999 and the other uses comparable figures for 1990-2000 (data for 1999-2000 is included, but is tentative). The lower 1990-2000 average reflects the generally lower grower returns for that year. Similarly the 5-year average for 1984 -1999 reflects the dramatically lower prices in recent years which contrast with the higher prices received with shorter crops following the disastrous freeze of 1989. The 10 year averages (1989-1999) are within a few cents, in each case, of the values used in the USDA's Federal Register proposal.

The value judgment which must be made by the Agency concerns itself with whether grove values should be computed on a short term or a long term average, 5 vs.10 years. The first 5 years of the last decade reflected the high prices resulting from the disastrous

Table 3

Citrus Summary Yields per Acre Compared with CFR Proposal

	Citrus Summary			CFR	
	5 yr. avg.	10 yr. avg.	Highest in last 10 yrs.	20 - 36 yrs.	14-19 yrs.
WMS	428	443	542 '92-93	549	511
Red	397	403	466 '92-93		
All Gft.	405	414	493 '92-93		
Val.	307	297	356 '97-98	539	448
EMN	397	387	441 '97-98	669	556
Navel	239	223	264 '97-98		
All Orgs	355	345	401 '97-98		
Tangelo	239	271	331 '90-91	456	378

*Citrus Summary 98-99 , Jan. 2000, NASS & FASS

Table 4

A Comparison of 5 and 10 Year Averages* with CFR Proposed Average Per Box Return

Variety	5 yr. Avg. '94-99	10 yr. Avg. '89-99	10 yr. Avg. '90-00	CFR
WMS	$1.74	$3.04	$2.94	
Reds	1.90	3.60	3.36	$3.58
All Gft.	1.84	3.31	3.14	
EM-N	3.44	4.10	3.81	4.14
Navel	4.54	6.43	5.96	
Val.	4.90	5.28	5.08	5.29
All oranges	4.04	4.58	4.34	
Tangelo	2.93	3.87	3.51	3.88

*Citrus Summary, 1998-1999, FASS & NASS

freeze which occured in 1989. The last 5 years represent a much lower average return per box or per acre as a result of over-production in Brazil on oranges, in general, and over-production in Florida, specifically, on certain varieties which were over-planted following the freezes of the 1980s.

It is probable that the last five years are more representative of the future than are the first five years of the decade. If a five year average were computed using the tentative figures for the 99-00 season, then prices would be even lower than are generally shown in the Table. If one wants to err on the side of conservatism or caution, the lower averages for the last five years would be utilized and the individual grower who believes that his income, and therefore value of his property, is greater than average could simply demonstrate with his own actual five year average yields and returns how he is superior to the average, and his compensation per acre, be raised accordingly.

Comparisons in Table 5 illustrates the very substantially distorted higher average returns per acre created in the December 7 proposal. These distortions are due to the use of higher than average yields, failing to properly segregate navel oranges from early mid season oranges and use of Red grapefruit as representative of all grapefruit.

Table 5 compares the gross returns (average boxes per acre X dollars per box) as derived using the two actual 10 year average price per box by variety times average yields from the Citrus Summaries for 1998-99 and 1999-00, and one five year average using similar date with the prices and yields used in the proposal.

In the upper one third of the Table, if from the right hand column the price per box proposed in the CFR for Navels of $4.14 per box is multiplied by the average box yields from the Citrus Summary of only 223 boxes per acre, average gross income is only $923 per acre. If the $4.14 per box were multiplied by the average yield for early midseason-navel of 387 boxes per acre, the gross incomes increases to $1,602 per acre. However, data using a ten year Citrus Summary average price for Navels of $6.44 per box and an average yield of 223 boxes per acre results in gross income of $1,436 per acre.

To confuse the Navel data even more, when the Citrus Summary average price for Navels of $6.44 is multiplied by the suggested CFR yield for 20-36 year old trees of 669 boxes per acre, gross income goes up to $4,308 pr acre.

Navels should obviously be separated from early-midseason oranges!

In the upper one third of the Table, it will be noted that Valencia and tangelo data, which have been properly segregated throughout, have similar gross returns when the 10 year averages for1989-99 are compared with the CFR column,, but the lower two thirds of the Table show the bias created from the CFR alleged average high yields for the last 14 to 36 years of a grove's life as compared with actual average yields.

Table 5

A Comparison of Gross Returns Per Acre Using Actual Published Averages* and Figures from CFR-USDA Dec. 7, 2000

Variety	Boxes per Acre '89-99* CFR	Gross Income Per Acre Using 10 yr. '99-00*	10 yr. '89-99*	5yr. '94-99*	CFR
Recommended					
WMS Gft.	443	$1302	$1785	$771	
Red Gft.	403	1354	1451	766	$1443
EM-N	387	1474	1587	1331	
Navel	223	1329	1434	1012	923
Valencia	297	1509	1568	1455	1571
Tangelo	271	951	1049	794	1051
Avg. of 4 in CFR		$1286	$1376	$1007	$1247
CFR Proposal 14-19 years old					
Gft.	511	$1717	$1840	$971	$1829
EM-N	556	2118	3575	1912	2302
Valencia	448	2276	2365	2195	2370
Tangelo	378	1327	1463	1107	1467
Avg. of 4 in CFR		$1860	$2311	$1546	$1992
CFR Proposal 20-36 yrs. old					
Gft.	549	$1844	$1976	$1043	$1965
EM-N	669	2549	4302	2301	2770
Valencia	539	2738	2846	2641	2851
Tangelo	456	1601	1764	1336	1769
Avg. of 4 in CFR		$2183	$2722	$1830	$2338

*Citrus Summary 1998-99, NASS & FASS

It is obvious that if average yields per acre as calculated by the Statistical Services had been used, all of the estimated values per acre would have resulted in much lower and more realistic values than are those expressed in the Table on page 76585 of the December 7, 2000 Federal Register. These grove values may be compared with the average per acre values for oranges and grapefruit, published by the University of Florida's Food and Resource Economics Department, shown in Table 6. These latter values are average market values in central and south Florida for oranges and grapefruit in general and include the value of the land itself. Land value might conservably be considered to be the $1137 per acre value for unimproved pasture as shown in that Table. Since the values as computed by APHIS in the CFR are only for trees and do not include the value of the land and/or the fixed irrigation equipment, they are so obviously and erroneously high that they represent values for trees which would actually encourage unscrupulous operators to spread the canker organism in order to have the grove condemned and be paid compensation. That is an outrageous situation to be suggested by the United States government.

If we take a five year average between north and central regions for oranges and grapefruit and substract out the land vaule of $1137 per acre, we then have values for trees of $5828 for oranges and only $2977 for grapefruit. When these are compared with numbers published in the proposal in the Table on page 78585, we find that Valencia values are higher by $3079, early mid navels higher by $2933 and grapefruit higher by $2852 per acre. While this Association believes that these proposed tree values taken from the APHIS surveys are on the low side values represented by average yields and average returns would be a good starting place for payments. Then the individual grower with above average returns could use his own data to so demonstrate his groves worth and be paid the additional money. It's better to start a little on the low side and pay those with good records and superior groves what their groves are worth. There is no such provision in the CFR proposal.

DISCUSSION

The entire process of paying compensation for citrus groves destroyed in order to eradicate citrus canker has been complicated by the concept of making a payment which covered replanting costs and requiring a second payment to bring the total value up to something that approaches the income lost as the result of the destruction. The latter was an effort to arrive at a just value, or a market value for the destroyed trees.

Because the Congress required a payment of $26 per tree to be paid on an arbitrarily designated number of trees per acre depending upon variety, an initial distortion was created. The major error in the Congressional requirement was the selection of the $26 per tree as representing a fair value for the planting and growing of individual trees within a solid set planting for three years. This number had to be mistakenly derived from tabular material produced by Ron Muraro of the Department of Food and Resource Economics

Table 6

IFAS - FRED Survey of Florida Agriculture
Values Over the Past Five Years

	Citrus				Unimproved Pasture Land	
	Oranges		Grapefruit			
	South	Central	South	Central	South	Central
2000	7073	6899	4824	4431	1036	1410
1999	6959	6780	3759	3543	956	1329
1998	6882	6763	3035	3322	946	1255
1997	7290	6776	4053	4216	928	1252
1996	7457	6774	4986	4980	958	1299
Avg.	7132	6798	4131	4098	965	1309
Mean	6965		4114		1137	

located at the Lake Alfred Experiment Station in Florida. Table 12-A on page 37 of his Economic Information report 99-5 published in October of 1999 and entitled "Budgeting Costs and Returns for Southwest Florida Citrus Production, 1998-99" shows the cost of planting only one or two reset trees per acre as $26.37 per tree. Of that, $5.21 was for the removal of the old tree which in a canker program had been removed in the eradication effort itself, so that the grower was being compensated for expenses which were incurred by the State when the infected trees were removed. This publication does not show costs for setting a new grove, but it does show the cost of setting as many as 26 or more trees per acre in that same Table as being only about $16, or $10 less per tree for the first three years. At a minimum, that latter number should have been selected, but it still contains $2 per tree removal. This represents a gross error on someone's part. However, by subtracting the replacement payment from the value arrived at under the lost income approach, there was adequate opportunity for correction.

There is nothing wrong with using a discounted income concept for computing potential market value for a grove, provided only that the proper yield figures and the proper values per box are used. The December 7 proposal appears to use satisfactory values received per box of fruit, but the yields per acre have been substantially exaggerated from historical averages. Thus, the final grove values are obviously unrealistically high in terms of what groves are selling for throughout the State of Florida.

Probably, the simplest correction that could be made would simply be to use published average boxes of fruit per acre produced as compiled by the National and Florida Agricultural Statistical Services, and using the 10 year average values per box already computed, but separate navel oranges from other early and mid season varieties and separate Red from White Marsh Seedless grapefruit. These numbers are readily available and there is no real excuse for not making the separation. When these average boxes produced per acre are multiplied by the average price of fruit (see Table 5) as suggested in the CFR proposal, Red grapefruit would have had gross income of $1443 per acre, navels would have had gross income of $923, Valencias of $1571 and tangelos of $1051 per acre. When these numbers are compared with what were actually used by the Agency over the latter part of the grove's life as shown in the lower two-thirds of that Table 5 rhey are f $1,829-$1,865 per acre for grapefruit, $2,302-$2,770 for navels, $2,370-$2,851 for Valencias and $1,467-1,769 for tangelos. This mistaken use of too great yields per acre results in excessively high results for lost income and needs to be modified.

Once a satisfactory average income and value per acre has been determined, it is necessary to provide a mechanism whereby the individual grove owner is given the opportunity to provide his own records on yields and values per box which he has received in order to demonstrate that his grove which was destroyed was in fact an above average grove and therefore, a substitute computation should be made to pay him the proper value of hi above average grove. This could be done with a model or could be presented in tabular

form, but doesn't represent any major complication. Ron Muraro, of the Citrus Experiment Station, prepared such a document in October of 2000 and made it available to the USDA office in Florida and to the State Department of Agriculture as well as some other industry organizations. He provided a proposal to use actual yield and value figures in which an individual grove could have its figures substituted for his averages. Apparently, that document never reached Riverdale, Maryland to be used in the computations.

Similarly, there was a letter written by J. T. Griffiths to Administrator Reed and dated October 23, 2000, which identified many of the problems outlined above and included tabular material from Dr. John Reynold's survey of agricultural values in Florida. It was made a part of the October compensation rule making procedure, rather than made available to the staff preparing the December proposal. There seems to have been an unwillingness to require or authorize those responsible for making the decisions to come to Florida and understand what the realities of the situation were.

Therefore, there seems no logical decision except to withdraw the present rule and to replace it with one based upon actual average yields, average returns per box, with both numbers applied to the variety for which compensation is to be paid. It should permit the grower to explain why his grove is above average and with documentation to justify payment of something above the average payment proposed.

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