

Local company wants to purchase railroad

Western Carolina Railway would restore service on abandoned line

BY GARY HYNDMAN
staff writer

A local railroad company plans to bid on the right to purchase and operate a controversial rail line currently owned by the Greenville County Economic Development Corp.

Western Carolina Railway Service Corp. of Greenville filed a notice with the U.S. Surface Transportation Board on July 15 expressing its intention to file an Offer of Financial Assistance and Notice of Intent to Participate on the Greenville & Northern Railroad the county is seeking to abandon.

Steven C. Hawkins, Western Carolina's president, declined to comment but did issue a press release, saying he is working to secure private funding to purchase and restore rail service to the line.

Hawkins, a Greenville native and Bayside High graduate, is a 15-year veteran of the rail business. He has worked in both labor and management for RailTex and Norfolk Southern.

In his press release, he said his offer would both preserve the rail corridor and provide for economic development in the northwest quadrant of the county.

"While the line does need significant repairs to restore service," the release reads, "the return on this investment will be measured not in dollars earned by the corporation, but most significantly by the new businesses, new jobs, reduced future highway maintenance costs and future fuel emissions from an increase in truck traffic (that would result without the line in place), increased property values and increased tax base for the municipalities it serves."

Hawkins also requested a 30-day extension on the normal 120-day deadline permitted by Surface Transportation Board regulations, giving him until Nov. 21 to prepare his offer.

In 1999, Greenville County Council allocated \$1.3 million to purchase the IL8-mil0 line between Berea and Travelers Rest, along with another 3.29-mile rail corridor from RailTex, one of the nation's largest railroad companies. RailTex had discontinued service in 1998 after the company concluded it wasn't financially feasible to repair two structurally unsound bridges on the line.

County Council authorized the purchase to preserve the corridor for future rail service.

It formed the economic development corporation to acquire and manage the line. But after failing to find anyone to operate it or funds to repair it, the corporation abandoned plans to restore rail service in 2001.

That year Lee Groome, president of Groome & Associates, one of two remaining shippers served by the railroad, filed a lawsuit in state court against the corporation for failure to fulfill its common carrier obligation to operate the line.

In 2004, the court sided with the corporation. But Groome filed a complaint with the Surface Transportation Board later that year.

Last week, the board found that the state

court had no jurisdiction over the rail line. It ruled that the corporation had violated federal law by failing to either operate the line or seek formal abandonment of it and awarded Groome damages of \$87,000.

The amount of damages was limited both by an error by Groome's former attorney that caused the two-year statute of limitations to expire and because he failed to satisfy the board that the loss of rail service cost him his business.

"All he got was \$87,000 on a technicality," said Greenville County Council Chairman Butch Kirven, who also chairs the corporation's board. "I don't see how we can look at this as anything but a victory for GCEDC."

Groome sees it differently.

"Basically," he said, "they broke the law. They're just starting a legal process they should have started in 1991."

That process is a formal abandonment proceeding that the corporation recently filed with the Surface Transportation Board. If approved by the board, it would preserve the corridor for future rail service and allow for establishing a public trail there in the meantime as part of the National Trails System Act.

Upstate Forever, a local nonprofit that promotes sensible growth, filed a request for the trail with the Surface Transportation Board in June. Volunteers have been working on weekends to clear the line of vegetation, with future plans to disassemble and salvage the track.

But according to Surface Transportation Board regulations, rail service would take precedence over the trail.

Western Carolina and the county's economic development corporation will attempt to negotiate a deal for purchase of the line. If they fail to reach an agreement by a pre-determined deadline, the board would step in to set a fair price.

Hawkins and his company may face considerable cost to make the line serviceable again. Estimates range from hundreds of thousands of dollars to more than \$1 million.

Restored rail service would give Groome a chance to resume the paper business he shut down in 2003.

He and the other remaining shipper on the line, Randy Mathena of Paper Cutters, had plans to purchase the railroad back in 1999. Unwilling to pay RailTex's \$750,000 asking price, they were waiting on the company to initiate abandonment proceedings at which time they planned to submit an Offer of Financial Assistance at a lower price.

Instead, the county bought the railroad. And when its economic development corporation failed to find an operator, the two shippers were left without service.

"They didn't want us to have it," said Groome. "It's all politics."

Kirven said he doesn't expect the sale of the line "to materialize." He said trail development would be its best use, encouraging residential development along the corridor.

He said a nonprofit organization would likely operate the trail.

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