

Extension granted on railroad negotiations

County, railroad company dispute track's value

BY GARY HYNDMAN
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Greenville County Economic Development Corp. and the man who wants to buy one of its railroad lines have been granted a 90-day extension from the U.S. Surface Transportation Board to continue negotiations until Feb. 14, 2006.

Negotiations between the corporation, which owns and maintains Greenville County's two rail lines, and Western Carolina Railway Service Corp. were scheduled to end this week. The extension reflects the fact the two parties are far apart on reaching a mutually agreeable price.

If no agreement can be reached, either party can ask the transportation board to set a fair market price the corporation would be legally bound to honor.

At stake is an 11.8-mile rail corridor between Greenville and Travelers Rest that needs major repairs and serves no shippers. The county purchased the line, along with another 3.29-mile rail line in the southern part of the county, in 1999 for \$1.3 million. The stated objective was to preserve both corridors for future rail service.

The dispute raises questions about exactly what the county got for its money. The emphasis since the time of purchase has been on the northern line. But it may be the southern line, which is not being sold, that has greater value.

Examination of the deeds shows the corporation owns the land beneath the

3.29 miles of track to the south, which traverses some of the most desirable real estate in the county.

The track begins at Pleasantburg Drive, crosses Airport, Haywood and Woodruff roads and Verdae Boulevard before passing beneath Interstate 85 and ending at the Middle Laurel Creek Bridge in the International Center for Automotive Research now under development.

The county's Web site put the assessed value of the four consecutive parcels in the rail line at more than \$4 million.

But Earle Furman, managing member of NAI Earle Furman, a commercial real estate company, said the long narrow slice of property is not likely to be worth its assessed value and would probably have little short-term market value.

He did say the land might eventually be sold to adjacent property owners looking to expand their facilities.

"Three miles of attached property like that would have some buy and hold value," Furman said.

The corporation had requested and received a discontinuance on the southern line from the transportation board, Greenville County Council Chairman Butch Kirven. There are no shippers being served by the line, but it must be maintained for future rail service.

However, the line may soon begin to generate some revenue for the county. The corporation is in negotiations with a railroad company that wants to store unused rail cars on the track for a fee.

The northern line became available earlier this year when the corporation filed with the transportation board to abandon it. Under transportation board rules, priority is given to preserving >

> rail service. That means the party abandoning the line must entertain an offer from a financially responsible buyer.

The transportation board has ruled Western Carolina is a legitimate buyer. Steven Hawkins, Western Carolina's president, presented the board with documentation he has the financial backing to purchase the railroad.

The Athens Line, another company that had expressed an interest in purchasing the line, failed to file an offer before the deadline expired the end of October.

The corporation has asked \$1.7 million for the northern line. Hawkins is offering only \$46,278.

Hawkins, a 15-year veteran of the rail industry, has estimated it will cost about \$5 million to make necessary repairs to restore service to the entire rail line.

His plan is to repair the first five miles of track first, restoring service to several shippers previously served by the line. He will recruit other shippers.

Some in the community favor Upstate Forever's proposal to remove the track and build a public trail. Travelers Rest Mayor Roy Reynolds co-authored an op-ed in last Monday's Greenville News expressing support for the trail and calling Hawkins' offer too low for the size of the 1999 public investment to buy it.

Hawkins said he doesn't object to a trail running parallel to the track. But transportation board rules give precedence to rail service over trails on rail corridors.

In his filing with the transportation board, Hawkins stated that the railroad's value is reduced by the fact the corporation owns none of the property beneath the track. His research of the deeds shows it holds only right of way easements.

Hawkins said he followed transportation board rules to determine his offer.

He tried first to calculate the actual worth of the railroad's net liquid assets. But he found the railroad is in such a poor condition that the salvageable materials are worth \$467,000, far less than the \$2.1 million he estimated it would cost to salvage them.

Instead, he calculated the fair market value based on the two most recent sales of the railroad divided by the track mileage minus depreciation.

Kirven, who also chairs the corporation's board, said Andy White, the corporation's attorney told him the corporation does own some of the land beneath the northern line.

Kirven said the corporation is getting an updated appraisal of the value of those properties, along with an estimated net salvage value on the track itself.

Hawkins said there are only three properties where ownership is contested and all are at the northernmost end of the line where there is no track.

"My interpretation of the deeds is the northern segment is easement only," he said.

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EXTENSION: Negotiations continue on abandoned railroad lines.