

## Community

# Transportation board to set railroad price

## County and rail executive unable to reach lease agreement

BY GARY HYNDMAN  
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A federal agency is poised to determine the fate of one of two railroads owned by Greenville County.

Steven Hawkins, president of Western Carolina Railway Service Corp., filed with the U.S. Surface Transportation Board

➤ also abandoned plans to operate it in 2001.

Last summer the corporation filed with the transportation board to formally abandon the rail line. It planned to allow development of a public trail on the corridor under the national Rails to Trails Program.

But Hawkins filed an Offer of Financial Assistance to buy the railroad. Transportation board rules give priority to maintaining rail service on an existing line, meaning the corporation was required to entertain any serious offer to purchase it.

A former rail executive, Hawkins has had a lifelong dream to own and operate a railroad. He secured financial backing from an investor, Randy Mathena, a Travelers Rest businessman who once used the line for shipping.

on Feb. 13, requesting the agency set the price for the Greenville & Northern Railroad owned and managed for the county by the Greenville County Economic Development Corporation.

By its own rules, the transportation board will have up to 30 days to determine the fair market value of the 11.8-mile rail line between Berea and Travelers Rest. The corporation will be legally bound to sell the line at that price if Hawkins chooses to buy it.

The filing occurred one day before the transportation board's Feb. 14 deadline for the two parties to reach an agreement.

Until recently, Western Carolina and the corporation were exploring a lease agreement. The corporation was offering to lease the line for a modest sum. In return, Hawkins would agree to pay for improvements, operate the line for shippers and cooperate in development of a trail to run parallel with the track.

But those negotiations fell through last week when the corporation announced its intention to let the option to sell the railroad play out first.

The corporation is collecting documentation to present to the transportation board to support its asking price. Kirven said he was confident of that price that was calculated using real estate and salvage appraisals.

"We based it on our experts," he said.

Hawkins and Greenville County Council Chairman Butch Kirven, who also chairs the corporation's board, both acknowledged negotiations reached an impasse after neither side would budge. The corporation says the railroad is worth more than \$1.1 million, while Western Carolina has offered \$46,278.

"(Hawkins) wants to get control of the property for the least cost," said Kirven.

"There really wasn't any animosity between us," said Hawkins. "It was just a matter of protecting our interests."

In 1999, the county purchased the inactive 11.8 mile line, along with another 3.29

But Hawkins said he was equally confident of his calculations.

Using a formula provided by the transportation board, he first tried to calculate his offer based on 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 he valued at \$467,000 are less than the \$2.1 million he estimated it would cost to salvage them.

Hawkins' filing said the railroad is further devalued by the fact the county owns three parcels of right-of-way on which the track rests. Dozens more are easements, he said.

Instead, his offer is based on a quitclaim deed showing the county purchased the rail line for \$78,000 minus

miles of track to the south, for \$1.3 million, from RailTex Service Corp. of San Antonio, Tex. to preserve the corridor for future rail service.

RailTex notified shippers in early 1998 it was discontinuing rail service because repairs were too expensive. At least two bridges were determined to be structurally unsound for rail traffic at the time.

Hawkins, who said its condition has continued to deteriorate, has estimated restoring full service on the line will cost \$5 million.

After failing to find a carrier for the line or funds to repair it, the corporation ➤

## Community

annual depreciation.

Andy White, the corporation's attorney, said in a previous interview the discrepancy is due to RailTex's bookkeeping, which itemized the sale as \$78,000 for real estate, with the balance being recorded as personal property.

Hawkins said he has a price in mind of what he is willing to pay that includes some wiggle room. If he buys the line, he is still open to working with the community to build a trail, he said.

If he passes, the corporation will likely pursue trail development on the corridor, Kirven said.

Both parties said a lease agreement is still possible.

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