

Little-known S.C. Public Railroad Pays its Executives Well

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By Rick Brundrett - The Nerve

Here's a railroad that most South Carolinians probably never have heard of.

The Charleston-based “Palmetto Railways” is classified as a “short line railroad,” which typically runs shorter distances and connects shippers to larger freight railroads.

Officially, Palmetto Railways, which was established in 1969, is a division of the S.C. Department of Commerce, though it has a separate [website](#); and recent state budgets mention it only once in an obscure proviso under Commerce’s section.

The railroad’s top management is well paid, though their pay and other financial records aren’t readily available to the public.

Records provided last week by Commerce to The Nerve under the state Freedom of Information Act show that the current annual salary of Jeffrey McWhorter, Palmetto Railways’ president and CEO, is \$200,000 – slightly more than what Commerce head Bobby Hitt makes yearly. In 2018, McWhorter’s salary was \$180,000.

On top of that, McWhorter, who has led the railroad since 2007, last year received a separate \$70,000 “incentive” bonus – which represented 35% of his salary – and \$63,000 in “incentive” bonuses in each of the two previous years, records show.

Seventeen other railroad employees whose salaries in 2020 ranged from \$56,500 to \$159,300 received “incentive” bonuses ranging from \$6,582 for a “procurement specialist” to \$45,313 each for two vice presidents, according to records. The railroad lists a current total workforce of 75; it had 45 employees in fiscal 2013, as The Nerve [reported](#) then.

Palmetto Railways’ employees who make at least \$50,000 annually aren’t included in the online state [salary database](#), though other Commerce \$50,000-plus staff salaries are listed. Under the Freedom of Information Act, the salaries of public employees who receive at least \$50,000 annually in compensation are considered public records.

The railroad, which, according to its website, provides “single and dual access short line and terminal switching rail service” on its properties in Charleston, Berkeley, Hampton and Colleton counties, has been flush with money in recent years, according to annual financial reports released by Commerce to The Nerve.

For example, the latest published report shows that in 2019, the railroad had \$30.7 million in total revenues – a nearly 23% jump from 2018 and a 34% hike from 2017 – and total expenses of \$18.7 million, for a profit of \$12 million. The 2019 windfall grew by almost 50% from 2018.

At the end of 2019, the railroad had nearly \$292 million in net capital assets, according to the

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On its website, Palmetto Railways lists major freight railroads CSX and Norfolk Southern among its customers, as well as a number of other major companies, including car manufacturers BMW and Volvo, Michelin tire and General Electric. It boasts that “more than 100,000 carloads move on Palmetto Railways tracks on an annual basis.”

Another main customer is the S.C. Ports Authority, according to the website, noting the railroad is the “terminal switching provider” for all of the authority’s “rail served marine facilities in the Port of Charleston.”

Palmetto Railways is constructing a “Navy Base Intermodal Facility” on a 118-acre site at the former Charleston Naval Complex, which will “allow the Charleston region to facilitate the movement of goods and commerce over rail within the state and throughout the Southeast region of the United States,” the website says.

“Rail intermodal” refers to the transportation of shipping containers and truck trailers by rail; in 2019, it accounted for about 25% of revenue for major U.S. railroads, according to the Association of American Railroads.

A [joint resolution](#) introduced last month by longtime state Sen. Hugh Leatherman, R-Florence, would authorize the sale of up to \$550 million in general obligation bonds – to be paid back with interest by taxpayers – for various “infrastructure” improvements at the Port of Charleston. The proposed bond sale includes a maximum \$400 million toward the construction of a rail yard at the former Navy base in North Charleston, according to a Post and Courier newspaper story.

The Ports Authority would operate the rail yard, and Palmetto Railways would own the site, where cargo would be transported by CSX and Norfolk Southern trains to and from a nearby soon-to-be-opened terminal named after Leatherman, according to the January Post and Courier story. In a letter last week to The Nerve, Commerce spokeswoman Alex Clark said if the bond proposal is enacted, the railroad will transfer to the Ports Authority “its rights, title and interest to most real property and all personal property” related to the project.

The Senate Finance Committee, which Leatherman chairs, approved the bond proposal earlier this month. The full Senate is now debating it.

Update 2/24/21: The full Senate voted 45-1 to approve the joint resolution, which will be sent to the House for its consideration. Sen. Rex Rice, R-Pickens, cast the sole “no” vote.

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