



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

November 6, 2009

U.S. Army Corps of Engineers
Wilmington District
ATTN: NCIT Project Team
69 Darlington Avenue
Wilmington NC, 28403

**SUBJ: NEPA Scoping Comments for Reconnaissance Analysis (905(b) Report)
North Carolina International Terminal (NCIT) located at
River Mile 7.0 on the Cape Fear River, NC**

Dear Sir/Madam:

Consistent with Section 102(2)(c) of the National Environmental Policy Act (NEPA) and Section 309 of the Clean Air Act, the U.S. Environmental Protection Agency (EPA) appreciates the opportunity to provide scoping comments for the proposed Reconnaissance Analysis, known as a 905(b) Report. It is our understanding that the Wilmington District of the U.S. Army Corps of Engineers (Corps) has recently received funding to conduct this Reconnaissance Analysis for purposes of determining "whether there is a Federal interest in participating in a cost shared Feasibility Phase Study with a non-Federal sponsor" to modify the existing Wilmington Harbor project into what would be known as the North Carolina International Terminal (NCIT). We further understand that the proposed facility would be located on a 600-acre site south of Progress Energy's Brunswick Nuclear Plant. The 600-acre site is currently owned by the North Carolina State Ports Authority, which reportedly envisions "a terminal and approach channel designed to accommodate ships larger than the current Panamax standard, anticipating the future expansion of the Panama Canal."

EPA Region 4 suggests the following issues be considered in the Reconnaissance Analysis (905(b) report):

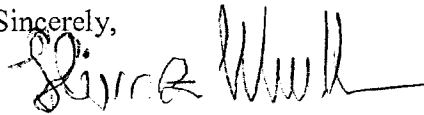
- The U.S. Army Military Ocean Terminal at Sunny Point is situated just to the north of the proposed NCIT. The 905(b) report should address how construction and long term operation of the NCIT facility would impact the Sunny Point facility.
- How would construction and long term operation of the NCIT facility impact the nearby Brunswick Nuclear Plant? The 905(b) report should focus on NCIT's impact on safety and security at this nuclear plant.

- The proposed project, in addition to a deeper channel and access to the new port area, would require land side road and rail access improvements. The 905(b) report should thoroughly address what these improvements would entail. The 905(b) report should address whether the North Carolina Department of Transportation (NCDOT) supports the required highway improvements, and whether these are included in the State's 2009-2015 Transportation Improvement Program (TIP). The Reconnaissance Analysis should also address other transportation infrastructure improvements that will be required of other jurisdictions, particularly municipal and county government(s). The financial commitment for these state and local transportation projects should be considered before moving into the Feasibility phase.
- The 905(b) should address all impacts on the Village of Southport, with a focus on any required upgrades in the local water and sewer infrastructure that would be needed to support the NCIT. The financial commitment for these improvements should be considered.
- The 905(b) report should thoroughly document all economic and environmental assumptions used to support the analysis. Along with issues pertaining to state and federal agencies, the 905(b) should also include concerns raised by municipal and county governments, as well as the public. Proposed public involvement for the process should be discussed in the 905(b).
- A feasibility study is typically cost-shared. Has a project Sponsor been determined by the Corps?
- EPA recommends that a range of project design depths and channel alignments be reviewed, and that preliminary economic (benefit/cost) analyses be included to determine the probable value (benefit/cost ratio) of the NCIT and deeper channel. The volumes of dredged material anticipated to create the NCIT are substantial, and the costs for new dredging should be considered in the benefit/cost ratio.
- If this area of the river is designated as an estuarine nursery area, then the long term loss of marine fisheries should be addressed.
- What will the economic impact from the NCIT be on Wilmington Harbor? What will the happen to present cargo volumes?
- The 905(b) report should consider the present uses(s) of the site. If the Corps is presently using the site for dredged material disposal, EPA recommends that the need for additional upland disposal site(s) to meet long term disposal requirements for port maintenance be considered.
- The 905(b) report should include some evaluation of the NCIT's impact and compatibility with sustaining marine life, vegetation, and other ecosystems.
- Other issues that should be addressed include the potential for salt water intrusion; storm surge issues; groundwater aquifer issues; oil spill potential; loss of aquatic habitat, wetlands, and terrestrial habitat; erosion of shorelines; impacts on commercial and recreational fishing; and impacts on recreation and tourism.
- EPA concurs with the Corps that "because land-side development of road and rail infrastructure and infrastructure for the port itself would be needed in addition to work in the Cape Fear River Channel, extensive environmental assessment, including an Environmental Impact Statement, will be (eventually) required for the land side of the project."

- EPA concurs with the Corps that both the Corps' Project Management and Regulatory Staffs should be engaged if this project moves forward to a Feasibility Study.
- EPA concurs that a potential Feasibility Study should include and evaluate the No Action Alternative, and that the feasibility phase of such a project, if approved, would "include the full breadth of formal public involvement activities including public scoping meetings, public workshops and resource agency meetings to fully define the scope of issues to be investigated in detail."

We appreciate the opportunity to provide scoping comments on the proposed EA. Should you have NEPA related questions pertaining to the overall NCIT project, please feel free to coordinate with Paul Gagliano, P.E., of my staff at 404/562-9373 or at gagliano.paul@epa.gov. If you have any questions related to wetlands regulatory issues, please contact EPA's Kathy Matthews at (919) 619-7319, or at mathews.kathy@epa.gov. Finally, Chris Militscher of my staff handles NEPA related issues for the NCDOT, and he can be reached at (919) 856-4206 or at militscher.chris@epa.gov.

Sincerely,



Heinz J. Mueller, Chief
NEPA Program Office
Office of Policy and Management