

ALBERT H. WILLIS
6150 RIVER SOUND CIRCLE
SOUTHPORT, NORTH CAROLINA 28461

October 29, 2010

Inspector General Gordon S. Hedell
Department of Defense, Office of the Inspector General
400 Army Navy Drive
Arlington, VA 22202-4704

Dear Sir:

This is a complaint regarding

- (a) violation of section 904 of the Water Resources Development Act of 1986 by the Wilmington District (North Carolina) of the US Army Corps of Engineers, and
- (b) failure of the Engineer Inspector General to correct this violation, even after repeated complaints by the undersigned.

This complaint is compelled by the most recent response of Robert N. Jones, Chief, Assistance and Investigations Division, Office of Engineer Inspector General, dated October 5, 2010, in which Mr Jones uses a blatant misinterpretation of section 905(b) of the Water Resources Development Act of 1986 to condone improper analysis by the Wilmington District under that section. The result of the improper analysis, if allowed to stand, would be the waste of \$10 million or more of public funds in conducting a study that would be prohibited by law, and a fraud on the State of North Carolina.

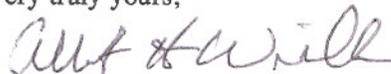
The Wilmington District of the Corps of Engineers is conducting a "reconnaissance study" pursuant to section 905(b) of the Water Resources Development Act of 1986 of a project to construct navigation improvements in the Cape Fear River in North Carolina to accommodate the proposed North Carolina International Terminal. The said section requires such a reconnaissance study of a water resources problem in sufficient detail to determine whether planning should proceed to the preparation of a larger feasibility report contemplated by section 905(a) of said Act. Such a study must include a preliminary analysis of costs and benefits of the project.

Section 904 of the Water Resources Development Act of 1986 prohibits the inclusion in project benefits of any thereof "involving the transfer of economic activity ... from other regions."

In its draft report under section 905(b) of the Act, the Wilmington District included substantial benefits derived from "capture" of container movements from ports in other regions. Such capture resulted in a showing of an excess of benefits over costs and a recommendation to proceed with a full feasibility study estimated to cost \$10 million. Had section 904 of the Act been followed and such "captured" benefits not been included, potential benefits would be substantially less than estimated costs and a recommendation to proceed could not be supported.

I enclose a memorandum in support of this complaint with related materials.

Very truly yours,



Albert H. Willis, Col. USAF retired

Enclosure: Memorandum for the Inspector General dated the date hereof.