

ALBERT H. WILLIS
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SOUTHPORT, NORTH CAROLINA 28461

September 7, 2010

Robert N. Jones
Chief, Assistance and Investigations Division
Office of Engineer Inspector General
7701 Telegraph Road
Alexandria, Virginia 22315-3863

Dear Mr. Jones:

This is in response to your letter of August 17, 2010, regarding my complaint about the violation of section 904 of the Water Resources Development Act of 1986 by the Wilmington District in a section 905(b) analysis of the proposed North Carolina International Terminal project and related navigation improvements.

In your letter, you provided advice on interpretation and application of section 904 to the transfer of economic benefits. Although that advice is helpful, it does not respond to my original complaint in that you have not applied the law and that advice to the facts at hand. I attach a memorandum applying your advice to the Wilmington District's analysis. These are the conclusions:

1. Section 904 of the Water Resources Development Act of 1986 prohibits the inclusion of "benefits to particular regions of the Nation involving the transfer of economic activity to such regions from other regions" in evaluating water resources projects.
2. The Wilmington District of the Corps of Engineers, in preparing an analysis of benefits pursuant to section 905(b) of the Water Resources Development Act of 1986 for the proposed North Carolina International Terminal, included benefits derived from container movements transferred from ports in other regions.
3. In its draft section 905(b) analysis, the Wilmington District does not allege or suggest that such transfer is attributable to or would result in any savings in transportation costs that would enhance National economic development *by reason of such transfer*. Circumstances presented in materials used by or available to the Wilmington District indicate that there would not be any such savings. There is no justification for including benefits transferred from other regions contrary to section 904 of the Water Resources Development Act of 1986.

Accordingly, the Wilmington District should be instructed to revise its section 905(b) analysis for the North Carolina International Terminal to include only such benefits as are attributable to transportation cost savings within the region served by the proposed terminal, and such benefits, if any, as are attributable to transportation cost savings for goods movements transferred from other regions by reason of costs savings not occurring or available in the transferring region, and then only to the extent of such savings due to such transfer.

Very truly yours,



Albert H. Willis

Attachment: Memorandum for the Engineer Inspector General dated September 7, 2010.