



DEPARTMENT OF THE ARMY  
OFFICE OF THE CHIEF OF ENGINEERS  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

CECW-PE (10-1-7a)

9 sep 86

SUBJECT: Cape Fear - Northeast (Cape Fear) Rivers, North Carolina

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report on the Cape Fear - Northeast (Cape Fear) Rivers comprehensive navigation study. It is accompanied by the report of the district and division engineers. These reports are in final response to a resolution of the Committee on Public Works and Transportation of the United States House of Representatives adopted 8 September 1988. This resolution directed review of previous reports on the Cape Fear and Northeast Cape Fear Rivers, North Carolina, with a view to determining whether any modifications of the recommendations contained therein are advisable at this time with particular reference to the commercial navigation needs from the Atlantic Ocean to the upper ends of navigation on the Cape Fear River above Wilmington to Fayetteville, North Carolina, and to Kornegays Bridge on the Northeast (Cape Fear) River. Preconstruction engineering and design activities will be continued under this authority.
2. The reporting officers recommend the following improvements to Wilmington Harbor:
  - a. Deepening the channels from the Atlantic Ocean to Wilmington from 38 feet to 42 feet, with 2 feet additional depth across the ocean bar;
  - b. Deepening the existing 25-foot channel in the Northeast Cape Fear River from 750 feet upstream of Hilton Railroad Bridge to the turning basin near the upstream limits of the project to 34 feet, along with widening the channel from 200 to 250 feet;
  - c. Extending the anchorage basin opposite the principal terminals at Wilmington from 1,200 feet to 1,500 feet; and
  - d. Widening the turning basin at the upstream end of the Federal project from 700 feet to 800 feet.
  - e. Dredged material from project construction will be placed in an ocean dredged material disposal site and a confined harbor channel upland site. An additional confined harbor channel upland site will be used for disposal of project maintenance dredged material.

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The total length of the channel deepening is approximately 38 miles and will alleviate the channel depth constraints which now require that the larger vessels be loaded to less than capacity to enter and leave the port. Mitigation features involve restoration of 27 acres of upland sites to mitigate for the loss of approximately 13.4 acres of existing marsh and shallow water habitat. The recommended plan is the national economic development plan.

3. The Administration is in the process of developing a new cost sharing policy for dredged material disposal facilities associated with Federal navigation projects. This proposal would allow the cost of diking and other improvements necessary for proper disposal of dredged material to be considered a general navigation feature and cost-shared accordingly. The operation, maintenance, repair, replacement and rehabilitation (OMRR&R) of the disposal facility would be 100 percent Federal, except for disposal facilities for projects in excess of 45 feet where the non-Federal sponsor would share 50 percent of the incremental OMRR&R costs. This proposal is currently being considered by Congress as part of the 1996 water resources development bill.

4. Project costs are allocated to the commercial navigation project purpose. The following project costs and cost sharing differ from the reporting officer's recommendation and are consistent with the Administration's new cost sharing policy. At October 1995 prices, the estimated total first cost of the recommended plan is \$225,435,000, of which \$135,341,000 would be Federal and \$90,094,000 would be non-Federal. The non-Federal portion includes an additional payment of 10 percent of the construction of the general navigation features (GNF), with interest, less credit for the value of lands, easements and rights-of-way (LER). Total project costs include \$206,841,000 for general navigation features, \$120,000 for aids to navigation, \$311,000 for LER, and \$18,163,000 for non-Federal associated costs for berthing area modifications. All costs associated with removal of electric cables and other obstructions in navigable waters of the United States and for which the facility owners do not have compensable real estate property interests, currently estimated at \$3,000,000, are to be paid by the facility owners and are not included in the project first cost. Average annual benefits and costs, based on a discount rate of 7.625 percent and a 50-year period of analysis, are estimated at \$24,663,000 and \$19,799,000, respectively, including \$569,000 for OMRR&R. The ratio of benefits to costs is 1.2 to 1.

5. Washington level review indicates that the proposed plan is technically sound, economically justified, and environmentally acceptable. The proposed project complies with applicable U.S. Army Corps of Engineers planning procedures and regulations. Also, the views of interested parties, including Federal, State, and local agencies have been considered.

6. Accordingly, I recommend implementation of the proposed project generally in accordance with the reporting officers recommended plan, and subject to cost sharing that is consistent with Administration policy. My recommendation is also subject to the non-Federal sponsor agreeing to

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comply with applicable Federal laws and policies, including the following requirements:

- Provide, operate, maintain, repair, replace, and rehabilitate, at its own expense, the local service facilities in a manner compatible with the project's authorized purposes and in accordance with applicable Federal and State laws and regulations and any specific directions prescribed by the Federal Government;
- Provide all lands, easements, and rights-of-way, and perform or ensure the performance of all relocations determined by the Federal Government to be necessary for the construction, operation, maintenance, repair, replacement, and rehabilitation of the general navigation features;
- Accomplish all removals determined necessary by the Federal Government other than those removals specifically assigned to the Federal Government;
- Provide, during the period of construction, a cash contribution equal to 25 percent of the total cost of construction of the general navigation features for costs attributable to dredging to a depth in excess of 20 feet but not in excess of 45 feet;
- Repay with interest, over a period not to exceed 30 years following completion of the period of construction of the project, an additional 0 to 10 percent of the total cost of construction of general navigation features depending upon the amount of credit given for the value of lands, easements, rights-of-way, and relocations provided by the non-Federal sponsor for the general navigation features. If the amount of credit exceeds 10 percent of the total cost of construction of the general navigation features, the non-Federal sponsor shall not be required to make any contribution under this paragraph, nor shall it be entitled to any refund for the value of lands, easements, rights-of-way, and relocations in excess of 10 percent of the total cost of construction of the general navigation features;
- Give the Federal Government a right to enter, at reasonable times and in a reasonable manner, upon property that the non-Federal sponsor owns or controls for access to the general navigation features for the purpose of inspection, and, if necessary, for the purpose of operating, maintaining, repairing, replacing, and rehabilitating the general navigation features;
- Hold and save the United States free from all damages arising from the construction, operation, maintenance, repair, replacement, and rehabilitation of the project, any betterments, and the local service facilities, except for damages due to the fault or negligence of the United States or its contractors;

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- Keep, and maintain books, records, documents, and other evidence pertaining to costs and expenses incurred pursuant to the project, for a minimum of 3 years after completion of the accounting for which such books, records, documents, and other evidence is required, to the extent and in such detail as will properly reflect total cost of construction of the general navigation features, and in accordance with the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and local governments at 32 CFR Section 33.20;
- Perform, or cause to be performed, any investigations for hazardous substances as are determined necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. 9601-9675, that may exist in, on, or under lands, easements, or rights-of-way that the Federal Government determines to be necessary for the construction, operation, maintenance, repair, replacement, or rehabilitation of the general navigation features. However, for lands that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigation unless the Federal Government provides the non-Federal sponsor with prior specific written direction, in which case the non-Federal sponsor shall perform such investigations in accordance with such written direction;
- Assume complete financial responsibility, as between the Federal Government and the non-Federal sponsor, for all necessary cleanup and response costs of any CERCLA regulated materials located in, on, or under lands, easements, or rights-of-way that the Federal Government determines to be necessary for the construction, operation, maintenance, repair, replacement, and rehabilitation of the general navigation features;
- To the maximum extent practicable, perform its obligations in a manner that will not cause liability to arise under CERCLA;
- Comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17), and the Uniform Regulations contained in 49 CFR Part 24, in acquiring lands, easements, and rights-of-way, required for construction, operation, maintenance, repair, replacement, and rehabilitation of the general navigation features, and inform all affected persons of applicable benefits, policies, and procedures in connection with said act;
- Comply with all applicable Federal and State laws and regulations, including, but not limited to, Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d), and Department of Defense Directive 5500.11 issued pursuant thereto, as well as Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and

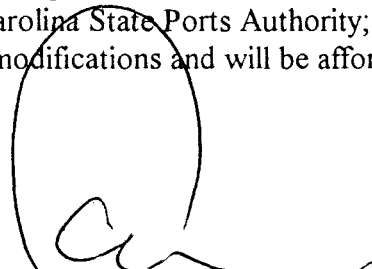
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Activities Assisted or Conducted by the Department of the Army"; and

- Provide a cash contribution equal to 25 percent of the total historic preservation mitigation and data recovery costs attributable to commercial navigation that are in excess of 1 percent of the total amount authorized to be appropriated for commercial navigation.

7. The recommendation contained herein reflects the information available at this time and current departmental policies governing formulation of individual projects. It does not reflect program and budgeting priorities inherent in the formulation of a national civil works construction program nor the perspective of higher review levels within the executive branch. Consequently, the recommendation may be modified before it is transmitted to the Congress as a proposal for authorization and implementation funding. However, prior to transmittal to the Congress, the sponsor, the State of North Carolina; the North Carolina State Ports Authority; interested Federal agencies; and other parties will be advised of any modifications and will be afforded an opportunity to comment further.



PAT M. STEVENS IV  
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