



**FSH 2409.19 – RENEWABLE RESOURCES HANDBOOK**

**CHAPTER 10 – KNUTSON-VANDENBERG SALE AREA PROGRAM MANAGEMENT HANDBOOK**

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**Approved:** Associate Deputy Chief, NFS **Date Approved:** xx/xx/2019

**Posting Instructions:** Amendments are numbered consecutively by handbook number and calendar year. Post by document; remove the entire document and replace it with this amendment. Retain this transmittal as the first page(s) of this document. The last amendment to this handbook was 2409.19-2010-3 to 2409.19\_10.

<b>New Document</b>	2409.19_10	59 Pages
<b>Superseded Document(s) by Issuance Number and Effective Date</b>	2409.19_10 (Amendment 2409.19-2010-3, 06/17/2010) 2409.19_30 (Amendment 2409.19-2010-2, 04/05/2010)	17 Pages  37 Pages

**Digest:**

- Recaptions chapter.
- Throughout chapter replaced K-V with CWKV. Also replaced any references to ATSA (Automated Timber Sale Accounting) with FPFS (Forest Products Financial System).
- Adds new section 10.1 Authority. Removed from Zero Code.
- Adds new section 10.2 Objectives CWKV and CWK2. Removed from Zero Code.
- Adds new section 10.3 Policy CWKV and CWK2. Removed from Zero Code.
- Adds new section 10.4 Responsibility. Removed from Zero Code.
- Adds new section 10.41 Chief. Removed from Zero Code.

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- Adds new section 10.42 Director of Forest Management. Removed from Zero Code.
- Adds new section 10.42a Other Resource Staff Directors. Removed from Zero Code.
- Adds new section 10.42b Albuquerque Service Center, Budget and Finance. Removed from Zero Code.
- Adds new section 10.42c Director Strategic Planning, Budget, and Accountability (SPBA). Removed from Zero Code.
- Adds new section 10.43 Regional Foresters. Removed from Zero Code.
- Adds new section 10.44 Forest Supervisors. Removed from Zero Code.
- Adds new section 10.45 District Rangers. Removed from Zero Code.
- Adds new section 10.46 Interdisciplinary Teams. Removed from Zero Code.
- Adds new section 10.5 Definitions. Removed from Zero Code.
- Adds new section 10.6 Cross-References for the CWKV – CWK2 Funds. Removed from Zero Code.
- 11 – Revised to include direction on CWKV funds collected for use outside the sale area.
- Adds new section 11.24 Wildlife Management.
- 11.3 - Revised to include direction for construction, maintenance of facilities or purchase of equipment not within the boundary of a specific sale.
- 11.5 – Clarified the timing of extension requests. Revised to clarify coordination that is necessary when starting CWKV work prior to sale closure.
- 12 – Revised to address required reforestation after salvage operations and included reference to the NFMA as the basis for required reforestation. Added clarification about soil treatments and whether they are considered required reforestation or KV-Other activities.
- 13 – Exhibit 01 revised to have a modern appearance.
- 13 – Exhibit 02 added clarification to examples of Fisheries, Watershed, Wildlife and Road Maintenance Activities.
- 13.5 – Revised to include direction that prohibits collections of CWKV funds on stewardship contracts or agreements.
- 13.7 – Removed direction that was repetitive from other handbooks.
- 14 – Revised to provide additional clarification on the appropriateness of using CWKV funds versus being a purchaser responsibility.
- Adds new section 16 Collection of Funds. Removed from chapter 30.
- Adds new section 16.1 Associated Costs and Collections. Removed from chapter 30.

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- 16.1 – Revised to include language on the collection of CWKV funds for use outside the sale area and when those funds can be converted to CWK2.
- Adds new section 16.11 SAI Plan Activity Unit Cost and Inflation. Removed from chapter 30.
- 16.11 – Removed reference to unemployment compensation, workmans compensation and facilities assessments.
- Adds new section 16.12 Program Support. Removed from chapter 30.
- Adds new section 16.12a Program Support Cost. Removed from chapter 30.
- Adds new section 16.12b Program Support Deposits. Removed from chapter 30.
- Adds new section 16.13 Calculations Per Sale Area Improvement Plan. Removed from chapter 30.
- Adds new section 16.2 Documenting Sale Area Improvement and CWKV Collection Plan. Removed from chapter 30.
- Adds new section 16.21 Form FS-2400-0050A. Removed from chapter 30.
- 16.21 – Revised to include more clarity around when the SAI plan is developed and the process in FACTS.
- 16.21 Exhibit 01 – replaced the old FS-2400-50 form with the revised FS-2400-0050A Sale Area Improvement and K-V Collection Plan. Added details to the instructions to aid the user.
- 16.22 Exhibit 01 – removed the example narrative.
- Adds new section 16.22 Cost Computations. Removed from chapter 30.
- 16.22 – Revised to describe the components of the cost computations.
- 16.22 Exhibit 01 – removed since these calculations are done automatically in FACTS.
- Adds new section 16.22a Inflation Rate. Removed from chapter 30.
- Adds new section 16.22b Forest Collection Rate. Removed from chapter 30.
- Adds new section 16.23 Sale Area Improvement Plan Map. Removed from chapter 30.
- 16.23 – Revised to provide clarification that CWKV projects within the sale area boundary must be shown on a map.
- Adds new section 16.24 Use of Base Rates. Removed from chapter 30.
- Adds new section 16.24a Sales with Scheduled Rate Redeterminations. Removed from chapter 30.
- Adds new section 16.25 Determination of Stumpage Available for CWKV Financing. Removed from chapter 30.

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- Adds new section 16.26 Determination of Funded Activities. Removed from chapter 30.
- Adds new section 16.3 Annual Review of Sale Area Improvement Plans. Removed from chapter 30.
- 16.3 – Revised the timeframe for when the annual review of SAI plans must be completed. Included direction for how to handle CWKV funds collected for use outside the sale area.
- Adds new section 17 Accounting Techniques. Removed from chapter 30.
- Adds new section 17.1 CWKV Pool and Tracking of CWKV Funds. Removed from chapter 30.
- Adds new section 17.2 Annual Review and Report of the CWKV Balance. Removed from chapter 30.
- 17.2 – Removed references to stewardship contracting. Revised to include direction regarding CWKV funds collected for use outside the sale area. Replaced December 15<sup>th</sup> with the date set forth in the year end reporting letter.
- Adds new section 17.21 Format for Annual CWKV Balance Review. Removed from chapter 30.
- 17.21 Exhibit 01 – Removed the old form and replaced with revised version.
- 17.21 Exhibit 02 – Removed the old form and replaced with revised version.
- Adds new section 17.22 Format for CWKV Plan Profiles, Parts A and B. Removed from chapter 30.
- Adds new section 17.3 Activity Tracking. Removed from chapter 30.

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## 10.1 – Authority

1. The Knutson-Vandenberg Act (K-V) of June 9, 1930 (Title 16 United States Code 576-576b; 46 Stat. 527), as amended by the National Forest Management Act (NFMA) of 1976 (16 U.S.C. 1600 (note)) (FSM 1011), is the authority for requiring purchasers of National Forest timber to make deposits to finance Sale Area Improvement (SAI) activities needed to protect and improve the future productivity of the renewable resources of forest lands on timber sale areas. Activities include SAI operations, maintenance and construction, reforestation, stand improvement, range, wildlife and fish habitat, soil and watershed, and recreation.

2. Public Law 109-54 of August 2, 2005; Title IV General Provisions, Sec. 412 further amended the K-V Act to allow the collection and use of K-V funds for watershed restoration, wildlife habitat improvement, control of insects, disease, and noxious weeds, community protection activities, and the maintenance of forest roads within the Forest Service Region in which the timber sale occurred: Provided that such activities may be performed through the use of contracts, forest product sales, and cooperative agreements. This amendment resulted in the creation of two K-V programs within the K-V fund; CWKV (Cooperative Work, Knutson-Vandenberg, Sale Area Projects) and CWK2 (Cooperative Work, Knutson-Vandenberg, Regional Projects). Definitions for each program are found in section 10.5. Unless noted in this chapter, authorities, objectives, policy, responsibilities, and definitions apply to both of these programs.

3. Comptroller General Decision B-67619, dated December 3, 1947, confirms Forest Service authority to pay for indirect costs (overhead, program management, and support services) from K-V funds.

4. Comptroller General Decision B-124729, dated September 14, 1955, confirms Forest Service authority to pool funds by Proclaimed National Forest and notes that funds in excess of needs must be returned to the U.S. Treasury.

5. The Twenty-Five Percent Fund Act of 1908 (16 U.S.C. 500; 35 Stat. 252, as amended), considers all money collected for SAI to be the same as money received from the sale of National Forest timber for the purposes of payments to the States.

## 10.2 – Objectives

The objectives of the CWKV program are to reestablish, protect, and improve the production of renewable resources on timber sale areas through the collection and efficient use of the fund. The program allows for performing watershed restoration, wildlife habitat improvement, control of insects, disease, and noxious weeds activities. CWKV funding may also be appropriate for recreation and rangeland management and engineering activities. (sections 11.21 and 11.22).

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### 10.3 - Policy

1. CWKV activities must be consistent with direction established in land and resource management plans and identified in environmental documents developed in accordance with the National Environmental Policy Act (NEPA) of 1969 requirements. (FSM 1950 and FSH 1909.15).
2. CWKV activities must be carried out only on Proclaimed National Forest (PNF) lands administered in accordance with the laws, rules, and regulations applicable to National Forest System lands.
3. All sale area improvement activities (CWKV) must be planned using an interdisciplinary process that considers all resources. Evaluate long-term environmental, social, and economic benefits, as well as national priorities and applicable laws, within the context of these resources in setting priorities for CWKV activities. When regeneration harvests are made, first priority is for the accomplishment of required reforestation activities.
4. The proper use and management of CWKV funds must be assessed as a normal part of Regional and Forest renewable resource program and activity reviews.
5. When determining the amount of CWKV to collect on timber sales, coordinate the funding needs with other needs for collection, such as the National Forest Fund, brush disposal, the salvage sale fund, timber sale pipeline restoration fund or Tripartite Land Exchange.
6. The CWKV fund may be used for payment of program support which includes indirect costs (Comptroller General Decision B-67619, December 3, 1947). The only circumstances under which excess CWKV balances may not be returned to the U.S. Treasury are when any one of the two following situations exist and exceptions have been approved in writing by the Chief (sec. 10.411):
  - a. When excess CWKV balances are transferred from the CWKV appropriation to another appropriation under authority of Title 7 United States Code 2257 (Interchangeability of funds for miscellaneous expenses and general expenses).
  - b. When excess CWKV fund balances have been advanced for emergency fire-fighting purposes under authority of Title 16 United States Code 556d or when excess funds have been transferred for emergency firefighting purposes under the authority of the relevant year's appropriation act.
7. The use of CWKV funds for the construction of facilities (included but not limited to warehouses, gas houses, and tree coolers) must be identified in long range facilities plans, reviewed for technical adequacy, and certified that the funds have been collected and are being expended properly (sec. 13.7).

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8. The Forest Service Activity Tracking System (FACTS) is the mandatory database of record for the preparation and revision of all Sale Area Improvement (SAI) plans and the tracking and reporting of all CWKV. Except on qualified salvage sales, \$0.25/CCF, \$0.50/MBF, or equivalent, is the minimum rate to be collected for deposit to the National Forest Fund (NFF). For Christmas trees, the minimum rate to be collected for deposit to NFF is \$1.00 per tree.

9. Forest botanical products (boughs, mushrooms, fungi, flowers, seeds, roots, bark, leaves, and other vegetation) are covered under special legislation (16 U.S.C. 528 note), and must be expended and distributed in accordance with the law. It is unlawful to collect CWKV funds on the sale of these products.

10. Use the SAI plan to document and support the collection of CWKV funds and CWKV for use outside the sale area.

11. The CWKV funds must be obligated within 5 years of sale closure or contract termination, whichever occurs first, unless an extension is approved by the Regional Forester. This authority may be delegated in writing to the line officer with the authority to sign the NEPA document(s) authorizing the project(s) (sec. 10.421 para. 8-9).

12. The annual review of the CWKV cash balance is mandatory. Excess CWKV collections should be converted to CWK2, for funding appropriated activities.

13. In FACTS, unfunded activities must have the Fund Code changed to something other than CWKV or it will have a negative impact on the Annual Balance Analysis. All SAI plan proposed activities that are unlikely to be funded with CWKV due to low sale value should be retained in project records for future consideration for funding with other funding sources. For additional direction related to determination of funded activities see section 16.26.

14. The final SAI plan (which is normally prepared just prior to sale closure or the contract termination date, whichever is earlier) must only include CWKV funded activities. The completed SAI plan includes the following components:

- a. Form FS 2400-0050A, approved by the appropriate line officer,
- b. A narrative supporting the activities listed on the form, and
- c. A SAI plan map.

## **10.4 – Responsibility**

### **10.41 - Chief**

The Chief reserves the authority to:

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1. Set the minimum rate for the deposit to the National Forest Fund in any sale, except on qualified salvage sales.

2. Determine when excess CWKV funds should be retained rather than returned to the U.S. Treasury (sec. 10.3, para. 6).

#### **10.42 - Director of Forest Management**

The responsibility of the Director of Forest Management is to:

1. Coordinate and manage the CWKV national program.
2. Provide leadership, technical direction, and oversight of the CWKV program.
3. Annually review excess collection transfers and returns to the U.S. Treasury in cooperation with the Financial Management and Program and Budget Analysis staffs.
4. Conduct integrated periodic trust fund reviews in coordination with other resource, budget, and fiscal staffs.
5. Provide no later than November 15 of each year, the national collection rate for program support and inflation factor to use in the development and revision of SAI plans and the planning of CWKV activities.
6. Evaluate spending authority and determine if there are any excess CWKV funds and takes the appropriate action.

#### **10.42a - Other Resource Staff Directors**

The Directors of [Recreation, Heritage and Volunteer Resources](#) (RHVR) and [Watershed, Fish, Wildlife, Air, and Rare Plants](#) (WFWARP) have the responsibility to assist the Director of Forest Management in the coordination and management of the CWKV and CWK2 programs; and provide technical guidance to the Deputy Chief for the National Forest System (NFS), Regional Foresters, and specialists concerning the CWKV and CWK2 programs for resource activities.

#### **10.42b - Albuquerque Service Center, Budget and Finance**

The responsibility of the Albuquerque Service Center (ASC) is to:

1. Provide technical guidance on appropriation use and accounting to the Deputy Chiefs for Business Operations and NFS and Regional Foresters concerning the CWKV and CWK2 programs for resource activities.

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2. Conduct reviews and appraisals of fiscal and accounting operations of the CWKV and CWK2 programs. These reviews may be a part of the general financial reviews or done in coordination with trust fund reviews performed by the Forest Management staff (sec 10.412).

3. Transfer excess CWKV balances to the U.S. Treasury each year by June 30.

4. Review excess collection transfers and returns to the U.S. Treasury in cooperation with the staff of Forest Management and Strategic Planning, Budget and Accountability.

#### **10.42c - Director Strategic Planning, Budget, and Accountability (SPBA)**

The responsibility of the Director of SPBA is to:

1. Review excess collection transfers and returns to the U.S. Treasury, in cooperation with the ASC Budget and Finance and Forest Management staffs, each year.

2. Provide apportionment authority for obligating CWKV funds.

3. Participate in trust fund reviews performed by the Forest Management staff.

#### **10.43 - Regional Foresters**

The responsibility of each Regional Forester is to:

1. Advise Forest Supervisors on the resolution of questions concerning the appropriate use of CWKV funds.

2. Delegate oversight management responsibility of the CWKV program to a Regional staff director.

3. Establish direction for the Forest Supervisors' annual reviews of the CWKV balance to determine if reported financial information is reasonable and consistent with historical workloads and of what costs and follow up on any identified discrepancies (sec. 18.2).

4. Ensure that Regional obligations stay within budget authorities.

5. Develop and review the Forest collection rates for program support each year, prior to the completion of the annual balance analysis (FSH 2409.19 Ch 90 Sec 90.14). Establish specific guidelines as to which CWKV funded activities may be eligible for an extension after 5 years from sale closure or contract termination, whichever comes first, but not to exceed 10 years in accordance with section 11.6.

9. Approve extension requests to spend CWKV funds after 5 years from sale closure or contract termination, whichever comes first, but not to exceed 10 years total from sale closure or termination. The authority to grant extensions based upon the established guidelines may be

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delegated in writing to the line officer who has the authority to approve the associated NEPA documents.

10. Review Forest CWKV cash balances. Unused CWKV collections identified by the Forests may be available to convert to CWK2 funds.
11. Approve, on a case-by-case basis, the use of accelerated CWKV collection formulas.
14. Perform periodic trust fund reviews on units within their Region.

#### **10.44 - Forest Supervisors**

The responsibility of the Forest Supervisor is to:

1. Develop sale area improvement (SAI) plans for timber sales in accordance with land and resource management plan objectives.
2. Approve SAI plans within their authority to sign the associated NEPA document(s). This authority may be delegated to the District Ranger authorized to sign the associated NEPA document(s) (FSM 2404.28).
3. Set priorities for CWKV work utilizing the recommendations of an interdisciplinary team on individual sales in addition to the accomplishment of required reforestation. This authority may be delegated to the District Ranger for sales within the Ranger's delegated authority (FSM 2404.28).
4. Make an annual review by Proclaimed National Forest of CWKV balances to ensure:
  - a. There are sufficient funds to do the work planned;
  - b. Unused CWKV collections are identified; and
  - c. A report is made to the Regional Forester ( sec. 17.2).
5. Ensure that CWKV funds are collected in accordance with direction for all sales within their authority that have SAI plans.
6. Apply to SAI plans annually the current national collection rate for program support and inflation rate provided by the Washington Office plus the rate determined for the Forest, if the Forest calculates a collection rate.
7. Ensure that the Forest collects sufficient cash to cover all costs associated with the implementation of a project (sec. 16.11 and 16.12).

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8. Perform periodic field assistance trips, CWKV fund reviews, and training on units within their Forest(s).

9. Prior to approval, verify that the SAI plans and revisions contain form FS-2400-0050A, a narrative statement supporting each project, and SAI plan map (sec.16.2).

#### **10.45 - District Rangers**

The responsibility of the District Ranger is to:

1. Develop sale area improvement (SAI) plans for timber sales in accordance with land and resource management plan objectives.

2. Approve SAI plans within their delegated authority (FSM 2404.28).

3. Set priorities for non-required reforestation CWKV funded work utilizing the advice of an Interdisciplinary Team (IDT).

5. Ensure CWKV activities listed in SAI plans are clearly related to needs identified in NEPA documentation (sec. 11.1).

6. Prior to approval, verify that the SAI plans and revisions contain form FS-2400-0050A, a narrative statement supporting each project, and SAI plan map (sec. 16.2).

7. Consult with the Forest Supervisor to resolve any questions of appropriate use of CWKV funds.

8. Review SAI plans each year. If needed, propose revisions to SAI plans to the appropriate line officer who was authorized to sign the associated NEPA document(s) for all active sales on their District and before the closing of all sales, or contract termination, whichever occurs first, to ensure that programmed work is financed.

9. Ensure that CWKV funds are collected in accordance with direction for all sales within their authority that have SAI plans.

#### **10.46 - Interdisciplinary Teams**

The responsibility of the Interdisciplinary Team (IDT) for the project being planned (FSM 1950.1) is to:

1. Identify and analyze the sale area improvement activities needed to reestablish, protect, and improve the future productivity of the renewable resources of forest lands on timber sale areas.

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2. Identify those needs which may not be met through changes in sale area design or by purchaser contract requirements as potential CWKV work.
3. Recommend priorities for non-required CWKV work to the line officer.
4. Provide cost information and support development of narratives, maps, and other necessary information to develop the SAI plan.

## 10.5 – Definitions

Community Protection Activity. Hazardous fuels reduction work performed in the Wildland/Urban Interface. Examples of hazardous fuels reduction activities are prescribed burning, thinning, and piling and burning.

CWKV Activity. An activity for which CWKV funds are expended. The activity must be within the timber sale area boundary and CWKV collection boundary and be an appropriate use of CWKV funds per sections 12 and 13.

CWKV Collection. A collection made from timber sale receipts to fund an activity listed on the approved SAI plan for that timber sale.

CWKV Program. The program that applies to activities that are identified on SAI plans. CWKV collections are made from the timber sale to fund these activities.

CWKV for Use Outside the Sale Area Collection. A collection made from a timber sale for the purpose of funding CWK2 work within that Region. CWKV collections, specifically for outside the sale area, are noted as such on the SAI plan, FS 2400-0050A, Lines 23 and 25. These collections are converted to CWK2 after sale closure and then may be spent outside the sale area.

Eligible CWKV Activity. Work is deemed eligible for CWKV funding if it is consistent with legal authorities and appropriate to be accomplished with CWKV funding in accordance with FSH 2409.19 sections 12, 13, 22, and 23 of this handbook.

Required CWKV Activities. activities needed to ensure reforestation of harvested areas following the timber sale. Required is synonymous with Essential.

Excess CWKV funds. CWKV funds declared unneeded to meeting the needs of SAI plans from timber sales within the Region. These funds are returned to the Regional Office for use as CWK2 within the Region where the funds were collected.

Funded CWKV Activity. A CWKV activity must be termed CWKV funded if on a Sale Area Improvement (SAI) plan for a specific sale there is sufficient stumpage available to finance the proposed activity (sec. 16.25).

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CWKV Collection Boundary. The boundary within which CWKV funds may be collected and CWKV activities implemented. The CWKV collection boundary may be the same as the sale area boundary but must never extend outside the sale area boundary.

Geographic Information. On the Sale Area Improvement plan, the coordinates where the activities are located.

Mitigation. In regards to use of CWKV funds, mitigation is defined as any additional activity that is required to be performed in order for the activity that the CWKV project is related to occur. For example, in order to harvest timber, one or more post-sale activities **HAVE TO BE PERFORMED**. If the post-sale activities are not performed, then the timber harvest may not take place. CWKV funds may not be used to perform mitigation.

National Collection Rate for Program Support. A rate calculated and provided by the Washington Office that is utilized in all SAI, BD, and SSF plans to ensure sufficient funds are collected for program support costs. The project cost is multiplied by the National Collection Rate for program support rate to determine the total collections necessary to finance the project and program support (sec 10.42).

Non-required / Appropriate CWKV Activities. Management activities in the resource areas of timber, recreation, visuals, wildlife, range, fisheries, soils, water, community protection activities, road maintenance (that is not the responsibility of the timber sale purchaser), and invasive species control. "Non-essential" and "KV-other" are synonymous with non-required. (See FSH 6509.11g - Service Wide Appropriation Use Handbook.)

Proclaimed Unit. The term "Proclaimed National Forest" means the Congressional designations of a National Forest or National Grassland and their boundaries, as opposed to a "National Forest Unit," which means one of a number of management units of the National Forest System as determined by the Secretary of Agriculture. National Forest Units are more commonly referred to as Administrative National Forests, and may consist of one or more, or parts of one or more, Proclaimed National Forests. The term "Proclaimed Unit" is a term used in the Forest Products Financial System (FPFS) that refers to a Proclaimed National Forest. Each Proclaimed Unit is assigned a unique three- or four-digit code. FPFS uses the Proclaimed Unit to track receipts and deposits for the Proclaimed National Forest. Proclaimed Unit and Proclaimed National Forest used in this manner are synonymous. In the accounting system, transactions that require the recording of Proclaimed Units/Proclaimed National Forests utilize the reporting category field for that purpose.

Program Support. Costs that may not be readily identified with a specific activity and which include:

1. All Regional Office direct costs such as program management, silviculturist, geneticist, biologist, and the associated costs of those positions.

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2. All Washington Office direct costs such as program management, silviculturist, geneticist, biologist, and the associated costs of those positions.

Regional KV (CWK2). This fund consists of Forest level funds declared excess to their needs that are transferred to the Regional pool allowing Regional priorities to be funded.

Road Maintenance. The upkeep of the entire Forest development transportation facility including surface and shoulders, parking and side areas, structures, and such traffic-control devices as are necessary for its safe and efficient utilization. (Title 36 Code of Federal Regulations Part 212.2(i)).

Sale Area Improvement Plan (SAI) and CWKV Collection Plan. The document (FS-2400-0050A) part of the timber sale contract that list by priority, unit cost, expected inflation rate, and unit of measure, the eligible activities for CWKV funding within the sale area or collection boundary. The plan includes required and non-required CWKV activities and is generated in FACTS.

SAI Plan Project Costs. Direct costs which usually occur at the District level and are readily identified with a particular project or activity on-the-ground; for example, the cost of supplies and materials; contracts; contract supervision; equipment use; training; travel; and salary and benefits for project personnel. Occasional activities, such as the construction of a tree cooler that is not readily identified with a particular CWKV activity on the ground, may be included as an SAI plan project cost.

Sale Closure Date. The date the letter is signed notifying the purchaser that the sale is closed after all contract requirements have met Forest Service standards.

Contract Termination Date. The date established by the timber sale contract when all harvest and associated activities must be completed. This date can be adjusted. See FSH 2409.15, ch. 30.

Unfunded CWKV Activity. A CWKV activity, on a SAI plan for a specific sale, for which there is insufficient stumpage available to finance the proposed project (sec. 16.25). Prior to sale closure, or contract termination, whichever occurs first, an eligible CWKV activity may move between being funded or unfunded as receipts, national program support costs, project costs, priorities, or other factors change. At the time of sale closure, or contract termination, whichever occurs first, however, an activities status as funded or unfunded is frozen and cannot change.

Unused CWKV Collections. SAI plan collections that are no longer needed on the sale area after the work identified on the SAI plan has been accomplished. These unused collections are declared excess during the annual balance analysis and can be converted to CWK2 fund for Regional or Forest CWK2 identified activities.

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Work Activity. Two-digit code used to track and report accomplishments listed in the SAI plan. See sec 16.21 of this handbook for codes and descriptions.

**10.6 - Cross-References**

The following chapters of manuals and handbooks contain direction necessary to fully carry out CWKV fund direction.

<u>Topic</u>	<u>FSM and FSH Reference</u>
Environmental Policy and Procedures	FSM 1950 – Environmental Policy and Procedures FSH 1909.15 – National Environmental Policy Act Handbook
Timber Sale Area Boundary	FSH 2409.18, Timber Sale Preparation Handbook, section 54.2
Base Rates	36 CFR 223.61, FSH 2409.18 – Timber Sale Preparation Handbook, section 54.2
Appropriation Use	FSH 6509.11g – Servicewide Appropriation Use Handbook
Invasive Species Management	FSM 2900 – Invasive Species Management
Cost Allocation, Cost Pools, Collection rate for Program Support	FSH 1909.13 – Program Development and Budgeting Handbook
Silvicultural Practices	FSM 2470 – Silvicultural Practices FSH 2409.17 – Silvicultural Practices Handbook
Recreation	FSM 2300 – Recreation, Wilderness, and Related Resource Management

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Wildlife Fish and Sensitive Plants	FSM 2600 – Wildlife Fish and Sensitive Plant Habitat Management
Watershed and Soils	FSM 2500 – Watershed and Air Management
Insect and Disease	FSM 3400 – Forest Health Protection
Fire Management	FSM 5100 – Wildland Fire Management
Engineering	FSM 7300 – Building and Other Structures

## 11 - DEVELOPMENT OF SALE AREA IMPROVEMENT PLANS

Except as provided in section 11.5 and to the extent that sale area improvement (SAI) needs have been identified, each proposed timber sale that has identified SAI activities must have a sale area improvement plan, which identifies protection and improvement needs for the future productivity of the renewable resources of forest lands in the sale area. The identification of these needs arises from environmental analysis of the proposed sale area. The plan contains specifically identified activities that are eligible for funding through CWKV collections and calculates and determines the amount of CWKV funds to be collected as part of the contract. Because collections may not be sufficient to accomplish all the identified activities with CWKV funds, line officers shall establish priorities for the use of CWKV funds. If there are no identified needs within the sale area, CWKV funds may still be collected for use outside the sale area on the SAI Plan (See FSH 2409.19, ch. 20 for additional guidance on CWK2).

### 11.1 - Environmental Analysis

All activities selected for funding with CWKV must have a NEPA analysis and decision. Environmental analysis and associated documents for a project that includes a proposed timber sale normally include analysis of specific proposed CWKV activities identified in the SAI plan. Some CWKV activities may be analyzed in other NEPA documents and decision documents.

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## **11.2 - Identification of Resource Improvement Needs and Activities**

Regeneration following timber harvest, as required by the National Forest Management Act (NFMA) of 1976, is the only nationally required CWKV improvement work (sec. 12). CWKV funds may be used to accomplish other resource improvements on the sale area consistent with the project objectives and applicable laws. Line officers may select other resource improvements to be funded based on local needs and the guidance on appropriate use of CWKV funds in section 13. In addition, when resource improvements other than regeneration are identified in the SAI plan the requirements or limitations found at sections 11.21 through 11.24 apply to the selection and ranking of activities. First priority for the use of CWKV funds must be given to accomplishment of required reforestation (sec. 12). Line officers are responsible for setting all other priorities (sec. 10.44).

### **11.21 - Range Management**

When rangeland improvement activities are included in SAI plans, ensure the activities are identified and included in the range allotment management plan. CWKV funds must not be used to fund activities that are the responsibility of the permittee.

### **11.22 - Recreation Management**

Recreation-related improvement activities identified in a sale area improvement plan must meet the following criteria:

1. The project must relate to renewable resources that enhance the recreation or visual resources.
2. The project must not involve purchase or construction of new recreation facilities.
3. The project must provide for recreation opportunities to meet management objectives identified in the land management plan.

### **11.23 - Watershed Management**

Give higher priority to activities that are listed on the watershed improvement needs inventory and/or state approved Maximum Daily Load implementation plan. Avoid constructing structures that require long-term maintenance.

### **11.24 - Wildlife Management**

Give higher priority to activities that are listed in Endangered and Threatened Species Recovery Plans. Consider activities that are mutually beneficial to state wildlife action plans, species of conservation concern, and species with high socioeconomic or cultural value.

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### **11.3 - Delineation of CWKV Collection Boundaries**

CWKV activities must be implemented within the sale area boundary as defined in FSH 2409.18, chapter 50 and within the CWKV collection boundary. The CWKV collection boundary may be the same as the sale area boundary but may not extend outside the sale area boundary. If the CWKV collection boundary is the same as the sale area boundary, it should be noted in the SAI plan narrative and on the SAI plan map. If the CWKV collection boundary differs from the sale area boundary, the CWKV collection boundary must be shown on the SAI plan map along with the sale area boundary. Construction, maintenance of facilities, or purchase of equipment not within the boundary of a specific sale should have costs shared across multiple SAI Plans.

Carefully design through an interdisciplinary process CWKV collection boundaries to include logical, necessary, and desirable sale area improvement activities. Boundaries should coincide with recognizable features, such as roads, trails, ridges, and streams. However, do not extend the collection boundary outside of the vicinity (within approximately one-quarter mile) of harvest units for the purpose of qualifying work for CWKV expenditures. Where recognizable features are not available, CWKV collection boundaries should be within approximately one-quarter mile of the actual cutting. For sales with scheduled rate redeterminations, the approving official must establish a CWKV collection boundary for each appraisal period.

### **11.4 - Sale Area Improvement Plans**

SAI plans are based on individual sale area boundaries except as addressed in sections 11.41 and 11.42 below.

#### **11.41 - Combining Multiple Sales**

Where individual timber sales are too small to warrant an individual SAI plan and there are several discreet small sale areas proposed within a large area, consider preparing one SAI plan to cover all the sales.

#### **11.42 - Large Sale Areas for Miscellaneous Forest Products**

Consider preparing a single SAI plan for the sale of forest products such as personal use firewood and Christmas tree cutting where there are specifically designated areas and sale closure dates. Forest botanical products (boughs, mushrooms, fungi, flowers, seeds, roots, bark, leaves, and other vegetation) are covered under special legislation (Title 16, United States Code, section 528 note) and it is not lawful to collect CWKV funds on the sale of these products.

### **11.5 - Time Limits for Implementation of CWKV Activities**

CWKV funds must be obligated within 5 years after the timber sale closes or contract termination, whichever occurs first, or up to 10 years with the approval of the appropriate line officer (refer to sec. 10.44) for specific activities on the SAI plan. Extension requests must be

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made in writing and include the planned year the project(s) will be completed. Approval of a SAI plan does not constitute an appropriate approval of an extension request. Extension requests should be made within one year of the end of the 5-year period following sale closure date or contract termination date, whichever is earlier. Examples of activities and reasons that an extension may be justified include:

1. Animal damage control for seedling protection in a plantation.
2. Activities necessary to ensure reforestation of harvested areas.
3. Activities which could not be completed within 5 years of sale closure due to natural events (for example, a wet year when burning was planned, or an abnormal fire season when employees needed to perform the project were out on fires).
4. One follow-up treatment of a CWKV funded project that was initially done within the 5-year period. Examples include maintenance of wildlife openings or water guzzlers for range or wildlife.

To avoid potential conflicts between CWKV work, timber harvest, or logging operations, ensure coordination with the sale administrator when scheduling sale area improvement activities to be performed prior to sale closure.

## **12 - REQUIRED CWKV REFORESTATION ACTIVITIES**

Required reforestation using CWKV funds are those activities needed to ensure reforestation of harvested areas following the timber sale (NFMA). FSM 2471.41 addresses reforestation following disturbances, when the salvage or sanitation cutting is heavy enough to require regeneration. This action is considered a regeneration harvest rather than intermediate cutting, and steps should be taken to adequately restock the stand within 5 years of final harvest. Required reforestation activities include all work necessary to satisfactorily establish a new stand such as:

1. Site preparation for planting, seeding, or natural regeneration beyond that needed for hazard reduction.
2. Planting, including the production and purchase of tree seedlings and costs associated with the storage and protection of tree seedlings prior to their out-planting.
3. Direct seeding, including the collection or purchase of tree seeds.
4. Human, vegetation, animal, insect, or disease damage control where the work is necessary to ensure acceptable plantation survival.

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5. Survival and stocking surveys on harvested areas for natural and artificial regeneration.

Where planting, seeding, or site preparation for natural regeneration is prescribed, give consideration to possible contingency needs (additional site preparation, planting, and so forth) should the planned regeneration measure not be successful.

Do not increase required reforestation collections with the intent of generating savings later to fund non-required work or CWK2 activities.

Soil rehabilitation treatments, such as ripping, tilling, fertilizing wet sites, or incorporating organic material are considered required reforestation activities only if they are necessary to ensure acceptable seedling survival. If these or other activities are desired but are not necessary to ensure survival, they may still be listed under the non-required CWKV section of the SAI plan. Supplemental planting or reforestation activities not needed to fulfil the requirements of the NFMA are not considered required reforestation, but may still be funded with CWKV collections.

Include required reforestation activity costs in the establishment of base rates (36 CFR 223.61, FSM 2431.32) to ensure enough CWKV collections to accomplish the needed work.

### **13 - APPROPRIATE USE OF CWKV FUNDS**

Except for work activities listed in section 13.5, a wide variety of renewable resource activities are appropriate for CWKV funding. Management activities in the resource areas of timber, recreation, visuals, wildlife, range, fisheries, soils, water, community protection activities, road maintenance (that is not the responsibility of the timber sale Purchaser), and noxious weed control are appropriate. Compliance with this direction requires considerable judgment by approving line officers. Exhibit 01 is a decision tree to aid in the determination of the appropriateness of activities for CWKV funding. Exhibit 02 lists examples of the types of activities that may be performed with CWKV funding. This listing is not intended to be all inclusive. See sec. 81.32 for appropriate uses of CWKV funds under Good Neighbor Agreements. See also FSH 6509.11g, Service Wide Appropriation Use Handbook, chapter 70 - Trust Funds.

Use of CWKV funds is appropriate to correct resource problems on a sale area that existed prior to the proposed sale. The interdisciplinary team (IDT) should take into consideration costs, sale value, and other sale area improvement (SAI) needs when making recommendations to the line officer regarding activity priorities.

Combine and coordinate SAI activities to benefit more than one resource. For example, the potential benefits of reforestation may include watershed rehabilitation or the development of wildlife and fish habitat.

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Lands should be classified as unsuitable for timber production if reforestation is precluded. Lands classified as suitable for timber production must be reforested within 5 years of final harvest (NFMA). Many silvicultural activities are appropriate for CWKV funding but are not required reforestation activities and must not be used to increase base rates on timber sales. These activities include desirable cultural work that is necessary to increase the growth or improve the quality of the new stand but is not a required reforestation activity. Examples are pre-commercial thinning; release; human, animal, insect or disease damage control not required to insure seedling survival; pruning and fertilization; and soil rehabilitation treatments designed to enhance seedling growth. Required reforestation activities are listed in section 12.

CWKV funds may be used for the disposal of fuels generated as a result of approved SAI activities or for disposal of existing fuels on a timber sale.

CWKV funds may also be used for the maintenance of buildings that have been constructed with CWKV funds.

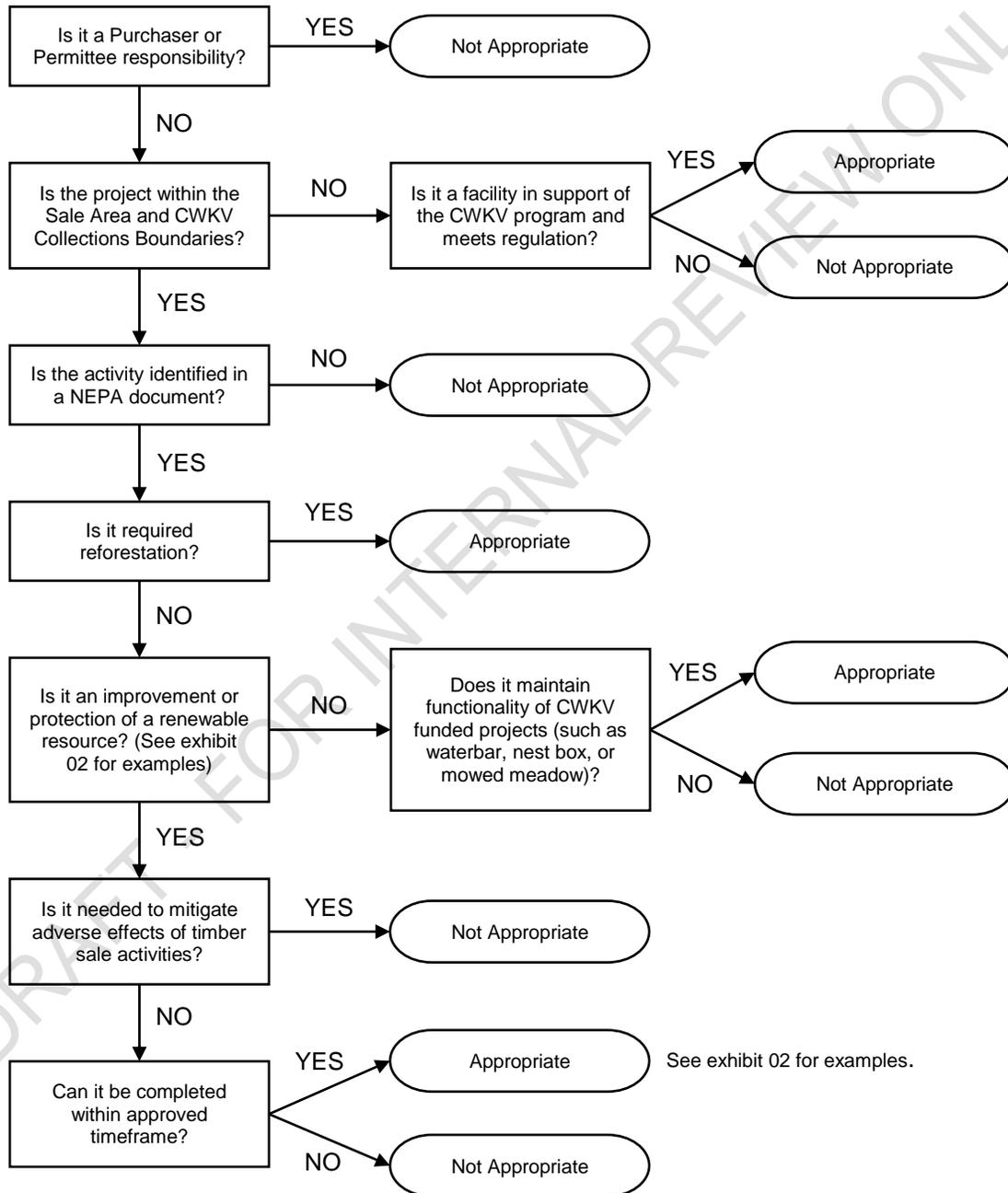
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**13 – Exhibit 01**

**CWKV Decision Tree**

(To Determine Appropriateness of Activities to be Funded with CWKV)



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There are a number of considerations that need to be addressed before implementing a CWKV activity. The following checklist serves as a guide to these considerations. There may be additional considerations based upon local conditions. If the answer to any of these questions is “No,” serious consideration should be given before performing the activity with CWKV funds or there may be legal and/or policy issues that prevent the activity from being implemented until the deficiency is corrected.

1. Does the proposed CWKV activity still match the activities described in the decision?
2. Does the proposed CWKV activity still match the description given in the SAI plan narrative, including cost estimates?
3. Is the activity on an approved SAI plan?
4. Is the activity clearly and accurately displayed on the SAI plan map?
5. Has the timber sale purchaser been relieved of all responsibility in the vicinity of the activity? (The sale must be terminated or the subdivision surrounding the CWKV activity must be officially closed.)
6. Has sufficient funding been collected from the sale to cover this activity AND all other activities listed higher in priority on the SAI Plan?
7. Does the Forest have sufficient CWKV funds to finance the activity in the year it is scheduled for implementation?

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**13 - Exhibit 02**

**Examples of Appropriate CWKV Activities**

(Examples include but are not limited to :)

**Fisheries:**

- Restore aquatic species habitat
- Improve fish habitat
- Remove barriers to aquatic organism passage
- Restore wetland, floodplain or stream habitat and function
- Improve riparian condition and function
- Reduce stream temperature and provide habitat complexity with large woody material
- Increase filter strip effectiveness with woody obstructions using logging slash

**Heritage:**

- Protect cultural resources discovered during CWKV financed work

**Range:**

- Plant, seed, or fertilize preferred vegetation to enhance rangeland ecosystems
- Chaining or prescribed burn to enhance rangeland ecosystems
- Treat noxious weeds
- Provide water sources for habitat improvement

**Recreation:**

- Enhance vistas or highlight “character trees” by thinning, pruning, or planting seedlings
- Provide recreation opportunities for Christmas tree cutting, berry picking, wildlife viewing, and activities through vegetation management
- Set up free firewood gathering areas
- Improve visual quality along roads and trails
- Establish dispersed camping sites within sale area boundary to protect or improve recreation opportunities.
- Relocation of trails within the area boundary where the timber sale activities disrupted the use/quality of the trail and the necessary actions to restore the use/quality of the trail are not the purchaser’s responsibility
- Improvement of recreation access through removal or modification of barriers that existed prior to the timber sale
- Removal of pre-existing slash to enhance recreation and aesthetics
- Provide interpretive signs or other media to assist the public in understanding CWKV funded management activities

**Reforestation: (See section 12 for CWKV required reforestation)**

- Prepare sites for planting, seeding or natural regeneration
- Plant tree seedlings, including seedling production
- Animal damage control

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**13 - Exhibit 02—Continued**

**Examples of Appropriate CWKV Activities**

- Treat slash or woody debris to enhance seedling plantability, survival, or growth
- Control insect and disease damage to seedlings
- Restore barriers to livestock
- Provide temporary barriers to livestock for plantations when not the responsibility of the permittee
- Construct waterbars and/or close roads associated with a CWKV project
- Rip or till compacted soils
- Control human, wildlife, and livestock use that threatens plantations or other resources
- Direct seeding including collection or purchase of tree seed

Soils:

- Enhance soil productivity (physical or chemical)
- Stabilize stream banks
- Stabilize pre-existing erosion sources
- Restoration of gullies that threaten loss of long-term site productivity

Stand Improvement:

- Animal, insect, or disease damage control
- Prune trees to improve the future product recovery and value
- Manipulate vegetation to improve diversity
- Control undesirable vegetation
- Precommercial thinning
- Release or Weeding

Watershed:

- Plant riparian vegetation
- Place grade controls in gullies
- Re-spread top soil
- Pull back side cast from old roads to reduce landslide potential within sale area
- Clean up existing landslide debris
- Reduce stream temperature and provide habitat complexity with large woody material
- Increase filter strip effectiveness with woody obstructions using logging slash
- Obliterate and restore productivity on unneeded roads and roadways not used by Purchaser

Wildlife:

- Improve wildlife habitat

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**13 - Exhibit 02—Continued**

**Examples of Appropriate CWKV Activities**

- Remove roads to improve habitat connectivity and increase habitat security
- Provide cover with dead and down wood
- Plant, seed, or fertilize preferred vegetation to enhance wildlife forage, cover, or rangeland ecosystems
- Provide snag habitat
- Construct nest boxes or tree cavities, guzzlers, and water catchments
- Prescribed burn to enhance wildlife habitat
- Protect T&E species habitat
- Improve wildlife habitat
- Install gates, signs, and traffic control barriers for resource protection or improvement
- Treat noxious weeds

**Community Protection Activities**

- Prescribed burning of hazardous fuels in the WUI
- Thinning of hazardous fuels in the WUI
- Piling and burning of hazardous fuels in the WUI

**Road Maintenance**

- Cutting and/or removal of vegetation from the roadside or roadway
- Roadway maintenance
- Drainage maintenance
- Traffic service maintenance (signs and traffic control devices)
- Structures (bridges and retaining structures)

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### **13.1 - Sale Area Improvement Planning (SAI Plan)**

Fund environmental analysis, presale work, and preparation, or planning of the original SAI plan with appropriated funding, or with salvage sale funds (SSF) on qualifying salvage sales.

### **13.2 - Administration**

Use CWKV funds to update, revise, and implement activities on the SAI plans.

### **13.3 - Monitoring**

Monitor the implementation and effectiveness of CWKV funded activities, using CWKV funds, if this can be completed within 5 years after the timber sale closes or up to 10 years with the appropriate approval (sec. 10.43). All monitoring must be conducted within the CWKV collection boundary.

Use appropriated funds to pay for monitoring of timber sale effects other than natural regeneration, which can be paid for with CWKV.

### **13.4 - Administrative Studies**

Administrative studies (FSM 1991.05) may be implemented within the sale area boundary using CWKV funds, but use other funding for the preparation and planning of the studies. Collections for administrative studies must appear as a line item on form FS-2400-0050A Sale Area Improvement and K-V Collection Plan (sec. 16.21). Prepare a program plan and document cost and funding details (FSM 1991.1). CWKV funds must only be used to implement studies of CWKV funded activities.

### **13.5 - Limitations on Use of CWKV Funds**

Do not use CWKV funds for the activities listed below. Section 604(e)(3)(B) of the Healthy Forest Restoration Act (HFRA) of 2003 (Pub. L. 108-148, as amended) prohibits the collection of Knutson-Vandenberg funds on any stewardship contract or agreement issued under section 604(b), Stewardship End Result Contracting Projects.

1. Preliminary surveys, presale planning, or initial preparation or development of SAI plans.
2. Timber sale administration.
3. Timber sale preparation activities and environmental analysis.
4. Any work outside the CWKV collection boundary, including monitoring, except for program support costs and Forest-level direct costs.

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5. Protection or maintenance of non-renewable resources, unless the need arises from the actions of a CWKV project. For instance, initial cultural resource inventories and surveys are not an appropriate CWKV project. Protection of a previously unknown site disturbed or threatened by a CWKV project is an authorized use of CWKV funds.
6. Construction, reconstruction, and development of facilities and other permanent improvements, except as described in section 13.7 and FSH 6509.11g, chapter 40.
7. Maintenance of facilities and other permanent improvements constructed with CWKV funds, except as described in section 13.7 and FSH 6509.11g, chapter 40.
8. Furniture, supplies, and equipment not directly tied to the project.
9. Research.
10. Preparation and planning of administrative studies.
11. Activities that may not be accomplished within approved time frames (sec. 03).
12. Activities that are the responsibility of the timber Purchaser (including BD) under the terms of the contract (sec. 14), or by a range permittee under the terms of the range permit (sec. 15).
13. Administration of activities not funded by CWKV.
14. Mitigation of adverse effects of timber sales.

### **13.51 - Genetic Resources Activities**

On sale areas identified for further development such as seed orchards, seed production areas, or evaluation plantations, use CWKV funds only for routine practices such as site preparation, production and planting of tree seedlings, and site protection, including erosion control or early competition control. Genetic resources activities beyond the costs associated with these routine practices should be funded with appropriated funds.

### **13.52 - Seed Collection and Stock Production**

Use CWKV funds to finance the cost of tree production, collection or purchase of tree seed, or the purchase of seedlings for use on sale areas only if they are scheduled on approved SAI plans.

If seed or seedlings are purchased from a Working Capital Fund (WCF) nursery, reimburse WCF with CWKV funds upon delivery of trees and seeds.

When seed inventories or seedling production must be increased, use appropriated and CWKV funds in proportion to the size of the respective reforestation programs.

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### **13.53 - Native Plant Seed Collection**

CWKV funds may be used to finance the cost of native plant production, collection or purchase of native plant seed, or the purchase of seedlings for use only on sale areas, and only if the planting of said stock is scheduled and shown as CWKV funded on an approved SAI plan.

### **13.6 - Facilities**

All CWKV funded facilities identified in the master plan must also be identified in the SAI plans as a separate line item for the timber sales planned from which collections will be made. (FSH 7309.11)

#### **13.61 - Dams**

Activities for the construction of water impoundment facilities, for the benefit of any renewable resource, must follow the review and approval processes outlined in section 13.6. Further, only structures with less than 6 feet of hydraulic height, or which have a maximum storage capacity of less than 15 acre feet, regardless of height, may be constructed with CWKV funds (P.L. 92-367). Funding for operation and maintenance must come from primary purpose fund sources and be consistent with forest plan direction and associated NEPA documents.

## **14 - PURCHASER REQUIREMENTS VS CWKV FUNDING**

Certain actions arising from the operation of a timber sale are the responsibility of the purchaser or contractor and are not eligible for CWKV funding. Identify in the timber sale contract or permit the necessary actions that are the responsibility of the timber sale Purchaser or contractors. Examples of actions for which the purchaser or operator are responsible include, but are not limited to:

1. Closing, rehabilitating, or obliterating roads used in sale activities unless they are temporary roads designated as "Remain Open" on the sale area map and they are needed for short-term use by the Forest Service for post-sale CWKV funded activities. These roads should have been identified in the NEPA document and Travel Analysis Process associated with the sale. However, costs of closing temporary roads needed to access CWKV funded activities (e.g. site preparation and planting) after purchaser's use shall be included on the SAI plan for CWKV collection (sec. 13).
2. Establishing vegetation and controlling erosion for roadbanks, landings, and skid trails.
3. Managing activity generated fuels, or disposing of routine slash, from sale activities.
4. Repairing existing improvements, such as trails or guzzlers damaged during logging.

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## **15 - RANGE PERMITEE REQUIREMENTS VS CWKV FUNDING**

When rangeland improvement activities are included in sale area improvement plans, ensure that these activities are:

1. In accordance with land management plans, and
2. Identified and included in the allotment management plan.

Certain actions arising from the operation of a range permit or allotment management plan (AMP) are the responsibility of the grazing permittee and are not eligible for CWKV funding. Identify in the AMP or permit the necessary actions that are the responsibility of the grazing permittee. Examples of actions for which the permittee is responsible include, but are not limited to:

1. Maintenance or reconstruction of structural range improvements (for example, water developments, fences, and so forth).
2. Fences that benefit other resources may be constructed with CWKV funds, but the annual maintenance should be agreed to and assigned to the grazing permittee in the annual operating plan and AMP. If an agreement cannot be reached, then the fence should not be constructed, and other measures should be determined in the AMP for reducing livestock impacts.

In some cases, where the construction of fences to protect plantations is not economically feasible, it may be appropriate to utilize range riders, paid with CWKV funds, for herd management.

## **16 - COLLECTION OF FUNDS**

### **16.1 - Associated Costs and Collections**

The funding available for financing Cooperative Work, Knutson-Vandenberg (CWKV), sale area projects is generated from the stumpage paid by the Purchaser per approved Sale Area Improvement (SAI) plan. Except on qualified salvage sales, \$0.25/CCF, \$0.50/MBF, or equivalent is the minimum rate that must be collected for deposit to the National Forest Fund and this amount is not available to fund CWKV activities (FSM 2431.31). Collect CWKV funds for timber cut during a contract or appraisal period for approved work within the respective CWKV collection boundary (sec. 11.3) or for use outside the collection boundary as CWK2. Unless approved by the appropriate line officer (sec. 10.44), CWKV obligations must occur within 5 years of sale closure or contract termination, whichever occurs first. Collect only the funds needed for activities identified in the SAI plan and approved by the line officer (sec. 10.44).

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Normally, collections into the CWKV fund are made in the same proportion as the total CWKV collection is to total sale stumpage. For example, if the total timber sale stumpage is \$100,000 and the CWKV collection limit is \$10,000 (10 percent of the total sale value) then 10 percent of each payment made by the Purchaser would go into the CWKV fund. As the CWKV collection limit and/or sale value changes, the percentage of the payments going into the CWKV fund may change, but the percentage of the payments going into the CWKV fund should be in proportion to the percentage of the total sale value that should be deposited into the fund. Use of accelerated collections for CWKV funds may be warranted; however, Regional Foresters must approve accelerated collections in writing on a case-by-case basis based upon the written justification provided by the requesting unit.

The SAI plan allows for the collection of CWKV funds for use outside the sale area boundary. After sale closure, CWKV collections for use outside the sale area are converted to CWK2 funds to be used on appropriate activities (sec. 21). within the Region where the funds were collected.

There are two cost categories to consider when preparing a SAI plan: SAI plan activity cost and program support cost.

### **16.11 - SAI Plan Activity Unit Cost and Inflation**

Collect sufficient CWKV funds to cover all SAI plan activity costs on the Forest (sec. 17.22a - Cost Computations). These direct costs usually occur at the District level and may be readily identified with a particular activity on-the-ground. For example, direct costs include the cost of supplies and materials; contracts; contract supervision; equipment use; and training, travel, salary, and benefits for activity personnel. Adjust unit costs by the expected rate of inflation from the date of preparation of the SAI plan to the planned year of accomplishment. These costs must include expenses associated with employees working directly with the CWKV program and employees involved in coordinating, directing, or overseeing the program. The above costs are the basis for cost per unit, column 12 on the form FS-2400-0050A.

### **16.12 - Program Support**

#### **16.12a - Program Support Cost**

Collect sufficient CWKV funds to cover all program support costs. See sections 90.12, 90.13, and 90.5 for a discussion of what is and is not included in the program support cost.

The national support rate is provided annually by the Washington Office no later than November 15 of the fiscal year. This will provide time for the preparation of new SAI plans and the review and revision of open sales for completion of the annual cash balance analysis. Document in the narrative the national support rate used on line 21 and 24 of form FS-2400-0050A, Sale Area Improvement and CWKV Collection Plan.

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### **16.12b - Program Support Deposits**

Program support deposits must be made into the national support rate account on a monthly basis, as these funds are collected. This process is automated in the Forest Products Financial System (FPFS). The national program support account is maintained in Region 15, Unit 08.

### **16.13 - Calculations Per Sale Area Improvement Plan**

Calculate stumpage available CWKV financing before the sale is offered for bid in Gate 4 (FSH 2409.18). If the sale value has increased due to a bid premium and there is an opportunity to collect additional CWKV funds, revise the SAI plan and increase the CWKV collection for use inside or outside the sale area.

See section 17.2 for direction regarding when SAI plans must be reviewed and/or revised.

## **16.2 - Documenting Sale Area Improvement and CWKV Collection Plan**

### **16.21 - Form FS-2400-0050A**

Document CWKV activities on form FS-2400-0050A. Self-supporting activity documentation includes as one file: a copy of the approved plan, the narrative documents, and the SAI plan map(s).

The plan must include all needed and eligible CWKV treatments, ranked by priority, that have been approved by the line officer authorized to sign the NEPA document(s) authorizing the activities listed on the plan (secs. 10.44 and 11.1). Required reforestation work must be the highest priority. List activities regardless of the projected availability of CWKV funding. Adjust activity treatment cost per unit of work for the expected rate of inflation to the estimated year of accomplishment.

Exhibit 01 is an example of a completed form FS-2400-0050A, with instructions for completing the form. The FS-2400-0050A is created by Forest Service Activity Tracking System (FACTS). It is mandatory to use the FACTS application to create the FS-2400-0050A. In order to complete a SAI plan in FACTS, the associated NEPA project decision must be entered into the Planning Appeals and Litigation System (PALS), and the timber sale which the project is attached to must be entered into Timber Information Manager (TIM) Gate 3. All of the CWKV planned activities with their associated direct unit costs must be entered into FACTS and linked to the respective NEPA decision document and timber sale. The CWKV BLI also must be assigned to each planned activity, along with the year the activity is planned to occur. For specific information on how to enter activities into FACTS and generate form FS-2400-0050A, refer to the FACTS user guide found at <http://fsweb.nrm.fs.fed.us/support/docs.php?appname=facts>.

The original SAI plan is developed and signed before Gate 4 certification (FSM 2432.44 and 2432.48). Required reforestation activities will be shown as funded (FSM 2431.32 and FSH

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2409.18, sec. 45.42). After award the SAI plan is revised to capture any bid premium, non-required activities are funded, and the SAI plan is noted as a revision in FACTS. On sales without a SAI plan at award, a SAI plan may be developed during the life of the sale prior to sale closure to collect funds for non-required CWKV activities or for CWKV collections outside the sale area.

To develop a SAI plan which does not have any required or non-required activities within the sale area, the FS-2400-0050A found on the Forest Service Forms site must be used. FACTS will not produce a SAI plan with only CWKV collections for use outside the sale area. This signed FS-2400-0050A serves as the source documentation for FPFS to collect the CWKV funds.

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**16.21 - Exhibit 01**

**Example of a Completed Form FS-2400-0050A**

USDA Forest Service		FS-2400-0050A (10/2018)						
<b>SALE AREA IMPROVEMENT AND K-V COLLECTION PLAN</b> ( Ref. FSH 2409.19, Chapter 30)		(1) Forest George Washington			(2) District/Unit Lee			
		(3) Sale Name WATER TANK(00220)			(4) Contract Date 9/27/2017			
(5) Geographic Information	(6) Type of Plan <input type="checkbox"/> Original <input type="checkbox"/> Final <input checked="" type="checkbox"/> Revision # <u>3</u>	(7) Purchaser MCDONALD RICHARD				(8) Contract Number 151740		
List of Eligible Projects (In Priority Order) Required Reforestation (9)	Work Activity (10)	Unit of Work (11)	Cost Per Unit (12)	Cost of Eligible Projects		K-V Funded Projects		
				No. of Units (13a)	Cost(\$)(13b)	No. of Units (14a)	Cost(\$)(14b)	
1	Site Preparation for Natural Regeneration - Mechanical	RF	Acres	\$152.79	83.0	\$12,682	83.0	\$12,682
1	Site Preparation for Natural Regeneration - Mechanical	RF	Acres	\$146.86	26.0	\$3,818	26.0	\$3,818
2	Reforestation Enhancement	RF	Acres	\$125.74	16.0	\$2,012	16.0	\$2,012
3	Certification of Natural Regeneration with Site Prep	RF	Acres	\$31.72	61.0	\$1,935	61.0	\$1,935
3	Certification of Natural Regeneration with Site Prep	RF	Acres	\$31.09	22.0	\$684	22.0	\$684
3	Certification of Natural Regeneration with Site Prep	RF	Acres	\$32.99	26.0	\$858	26.0	\$858
<b>(15) Required Reforestation</b>					<b>\$21,989</b>		<b>\$21,988</b>	
List of Eligible Projects (In Priority Order) Non-Required K-V Work	Work Activity	Unit of Work	Cost Per Unit	Cost of Eligible Projects		K-V Funded Projects		
				No. of Units	Cost(\$)	No. of Units	Cost(\$)	
4	Post Treatment Vegetation Monitoring	TM	Acres	\$29.88	9.0	\$269	9.0	\$269
4	Post Treatment Vegetation Monitoring	TM	Acres	\$30.48	7.0	\$213	7.0	\$213
5	Wildlife Habitat Create openings	TH	Acres	\$477.31	1.5	\$716	1.5	\$716
6	Wildlife Habitat Grasses and forbs	TH	Acres	\$342.09	3.7	\$1,266	3.7	\$1,266
7	Tree Release and Weed	TI	Acres	\$214.44	71.0	\$15,225	71.0	\$15,225
8	Invasives - Pesticide Application	NW	Acres	\$259.93	26.0	\$6,758	11.8	\$3,067
<b>(16) Non-Required K-V Work</b>					<b>\$24,447</b>		<b>\$20,756</b>	

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**16.21 - Exhibit 01—Continued**

PLAN SUMMARY		
(17) Proclaimed NF Stumpage Available for K-V Financing:		\$54,146
(18) Proclaimed NF Total Cost of Sale Area Improvement:		\$42,745
(19) National Program Support:	0.28	\$11,389
(20) Total Cost of KV Funded Work:		\$54,134
(21) Additional CWKV Deposit for Projects Outside Sale Area:		\$12
(22) National Program Support for Projects Outside Sale Area:	0.28	\$3
(23) Total Available for Projects Outside Sale Area by Proclaimed NF :		
(24) Total Cost of Funded Work by Proclaimed NF:		\$54,146
(25) Remarks: Forest Collection Rate : 24.92% Inflation Rate: 2% Total anticipated available for Projects outside the sale area: \$10 % Distribution to Proclaimed Forest: 100% Proclaimed Forest/TIM Unit Number: George Washington(0832) Unit (0516) Rate Remarks: Collection Rate per 02/05/2019 letter. Subtotal for Required reforestation with the National Program Support cost included: \$28,030  8/19/2020 - rescheduling changed number of NNIS treated		
(26) Prepared by:	Title:	Date:
/s/ Adam Forester	District Silviculturist	08/19/2020
(27) Recommended by:	Title:	Date:
/s/ Alice Tree	Forest Silviculturist	08/20/2020
(28) Approved by:	Title:	Date:
/s/ Jane Pine	District Ranger	08/21/2020

**Instructions for Completing Form FS-2400-0050A**

1. Forest - The Proclaimed National Forest (PNF) name.
2. District or Unit - District or unit name.
3. Sale Name - Name of sale; generated from TIM.
4. Contract Date - Contract designation date after the sale is sold; generated from TIM.
5. Geographic Reference - Geographic reference as to where the sale is located (entered in the Trust Fund screens in FACTS).

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**16.21 - Exhibit 01—Continued**

**Instructions for Completing Form FS-2400-0050A**

6. Type of Plan - An “X” is used to designate if the plan is the original (at time of advertisement), revision (after award, with revision number), or final (at sale closure); entered in the Trust Fund screens in FACTS.
7. Purchaser - Name of the Purchaser after the timber sale is sold; generate from TIM.
8. Contract Number - Contract number after the sale is sold; generate from TIM.
9. List of Eligible Activities - List of activities in order of priority for CWKV funding. All activities must be included in the NEPA documentation for the sale, and must not be the responsibility of purchasers, contractors or permittees. All work activities need to be identified with maps and sufficient detail to ensure accomplishment of the activity as planned in the NEPA document. Each CWKV activity record must be linked to the respective NEPA document/decisions (generated from PALS) in FACTS.
10. Work Activity - Work activity code used for tracking and reporting purposes; these codes are generated from FACTS activity codes and from checking the appropriate required reforestation checkboxes in the Trust Fund screens in FACTS.

<b>Work Activity Code</b>	<b>Work Activity Description</b>
RF1	Establish Vegetation – Required reforestation. Acres reforested (planting, seeding, certification of natural regeneration without site prep, and so forth).
RF	Establish vegetation – All other required reforestation activities (animal damage control, stocking surveys, and so forth).
EO	Establish Vegetation – All other activities for establishing vegetation.
TI	Timber stand improvement activities
IO	All Other activities performed to improve forest vegetation other than timber stand improvement activities.
RV	Improve rangeland vegetation.
NW	Eliminate noxious weeds.
SH	Manage stream habitat (fish and wildlife).
LH	Manage lake habitat (fish and wildlife).
TH	Manage terrestrial habitat (fish and wildlife).
WC	Maintain and improve watershed conditions.
HF	Hazardous fuels reduction.
RD	Road maintenance.
TM	All other vegetation management activities.
CK	All other CWKV funded activities.

11. Units of Work - Applicable units of work, such as Acres, Miles or Each. These are generated from the sum of units from each of the associated FACTS activities.

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**Instructions for Completing Form FS-2400-0050A**

12. Cost Per Unit - From local experience, cost guides, or other support values. Cost are adjusted for the expected rate of inflation of the year of the planned accomplishment. The cost includes all other costs such as treatment costs and other direct costs as well as local forest program support. Ref. FSH 2409.19, Chapter 90.14. This cost DOES NOT include National Support Rate.
13. Cost of Eligible CWKV Activities - These activities should be derived from the environmental assessment report for the sale.
- 13a. Total units of work derived from the environmental document for the sale.
- 13b. Cost of Eligible CWKV Activities - Total costs of all units of work regardless of how the work may be financed.
14. CWKV Funded Activities
- 14a. Number of CWKV Funded units of work. Number of units may be the same or less than those shown in 13a.
- 14b. Cost of CWKV Funded units of work. Cost may be the same or less than those shown in 13b.
15. Required CWKV-V Reforestation work, number of units and cost (\$)
16. Non-Required CWKV work needs, number units of work and cost (\$)
17. Stumpage Available for CWKV financing
18. Total Cost of all CWKV funded Sale Area Improvement work - (Lines 15+16).
19. National Program Support Rate (NPSR) - The NPSR is filled in as a decimal after it is entered in the FACTS Data Management screen. FACTS then calculates the amount for National Program Support (NPSR\*Line 18).
20. Total Cost of all CWKV Funded Work - (FACTS calculated: Line 18+19).
21. Additional CWKV deposits for activities outside the sale area - (FACTS calculated: Line 17 – Line 20).
22. National Program Support collection for activities outside the Sale Area - The NPSR is filled in as a decimal after it is entered into the FACTS Data Management screen. FACTS then calculates the National Program Support collect for projects outside the sale area (Line 21/1+NPSR).
23. Total available for activities outside the sale area – This field is not populated until sale closure. Until then this value is populated on line 25 in the remarks section as “Total anticipated available for Projects outside the sale area”. (FACTS calculated: Line 21- Line 22).

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**16.21 - Exhibit 01—Continued**

**Instructions for Completing Form FS-2400-0050A**

24. Total CWKV and CWK2 Funding - (FACTS calculated: Line 20 + Line 23).
25. Remarks - For any further explanations.
26. Prepared By - Name, title date prepared and signature of the individual who prepared the SAI plan.
27. Recommended By - Name, title, signature and date of the district ranger unless the district ranger is the approving officer (line 24), in which case this line should be signed by the interdisciplinary team leader.
28. Approved By - Signature, title and date of the line officer authorized to approve the NEPA documentation for the activities listed on the SAI plan.

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## **16.22 - Narrative Statements**

Prepare narrative statements for each activity in the SAI plan. Treatment objectives, justification, timing, and cost computations must be included in the narrative or referenced to the activities NEPA documents, silvicultural prescriptions, or other integrated resource plans.

Activities may consist of a sequence of related treatments over the 5-year period.

List in narrative statements the specific timber sale units, location, or harvest areas where each approved CWKV activity is proposed. FACTS SUIDs may also be helpful to show in the narrative for each activity.

This narrative supports the form FS-2400-0050A presented in section 16.21, ex. 01. FACTS displays each activity on a separate line. The narrative may group similar activities into one cost item. List activities in the order of priority shown on the FS-2400-0050A, using consistent FACTS activity names.

### **16.22a - Cost Computations**

There are three components of the cost per unit (column 12 of form FS-2400-0050A). The first component is planned activity treatment cost. The second component is adjustments due to projected inflation. The third component is the Forest Collection Rate (sec 10.43). The SAI plan narrative should include the activity costs for individual treatments in current dollars and units of work.

Computations of activity treatment costs should show, for example, all costs for supplies; materials; equipment use; travel, salary, and benefits of activity personnel; and contracts. Base these costs on standard rates, a running 3-year average, or local experience.

### **16.22b - Inflation Rate**

Adjust estimated activity treatment costs by the expected rate of inflation to the estimated year of accomplishment. The Washington Office shall provide the inflation rate to use. This rate must be entered into FACTS and updated as the Washington Office updates the rate. Document an estimated year of accomplishment for each treatment. When the SAI plan is revised, the most recently published inflation rate must be used.

### **16.22c - Forest Collection Rate**

Forests need to collect for Forest-level program management, costs due to centralized or zone program management or other zone organizations which are incurring costs related to Forest program delivery (see sec. 90.14). Ensure that the current Forest Collection Rate is being used on SAI plans.

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### **16.23 - Sale Area Improvement Plan Map**

All CWKV activities, within the sale area boundary, on the SAI plan must be shown on the SAI plan map. The activity location must be clearly displayed so it can easily be found in the field. In the map legend use activity names consistent with the FS-2400-0050A and the narrative. Refer to sec 11.3 of this handbook for additional direction relating to maps.

### **16.24 - Use of Base Rates**

Base rates are the minimum rates charged for each timber species, and they cover all required reforestation costs (sec. 16.21)(36 CFR 223.61 and FSH 2409.18, ch. 40). Timber must be sold for the appraised value or base rates, whichever is higher. However, it should be noted that, for sales offering low value timber or sales with high development costs, selling timber at above base rates may reduce a sale's profitability to potential timber purchasers to such an extent that the timber sale does not sell. In such a case, base rates could be increased to include a portion of the required full reforestation to be funded by CWKV with the balance to be covered by appropriated funds; or, all reforestation activities could be funded with appropriated funds. These exceptions may be made where full or partial CWKV collections would make the sale not economically feasible and the potential benefits from harvesting the existing stand and establishing a new stand justify the use of appropriated funds.

#### **16.24a - Sales with Scheduled Rate Redeterminations**

For sales with scheduled rate redeterminations the approving officer shall establish a CWKV collection boundary for each appraisal period. Use the criteria in sec. 11.3 of this handbook to define the collection boundary which encompasses the appraised cutting units. Collect CWKV funds for timber cut during an appraisal period for approved work within that appraisal period's sale boundary. Unless an extension is authorized by the Regional Forester, funds must be obligated within 5 years of sale closure or after the end of the appraisal period.

### **16.25 - Determination of Stumpage Available for CWKV Financing**

After the sale is sold, revise the stumpage available for CWKV financing to capture any bid premium. The amount of available funding may increase if the rates are increased through a rate redetermination, or for sales with escalation if the timber market value increases.

### **16.26 - Determination of Funded Activities**

List on the SAI plan, by priority, all eligible CWKV activities identified and analyzed in appropriate NEPA documents even though funding may not be available for all activities. Beginning with the highest priority activities, FACTS funds eligible CWKV work to the extent that stumpage is available (sec. 16.25). If all eligible CWKV work has not been funded, review the SAI plan (sec. 16.3) to determine whether changes have occurred that enable additional work to be funded.

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At the time of sale closure or contract termination, whichever occurs first, any work that is unfunded is no longer eligible for CWKV financing and must be evaluated for financing with alternative funding sources and removed from the final SAI plan.

### **16.3 - Annual Review of Sale Area Improvement Plans**

For the annual Forest review, consider the available fund balance, the anticipated collections on existing sales, and the estimated cost of remaining CWKV eligible funded SAI work on existing and closed sales.

Have the SAI plan reviewed annually by the approving line officer prior to the annual review of the CWKV balance, and revise plans as needed. Additional reviews and revisions may be necessary. Updates to plans need to be made prior to August 30. This may necessitate updates to the Forest Products Financial System (FPFS), to ensure SAI plan changes are properly reflected. Any of the following conditions on an open sale must necessitate a review and possible revision to the SAI plan:

1. The stumpage rates are re-determined or escalated (FSM 2431.34).
2. The contract is extended.
3. The priorities or activities change.
4. There is unfunded work on the original SAI plan, and there are now receipts available to fund additional work.
5. A change in the National Collection Rate for program support and/or inflation rate.
6. A change in the Forest collection rate (if a Forest collection rate is being used).

The purpose of this review is to:

1. Verify the current need and planned costs for the eligible work remaining.
2. Prior to sale closure, identify the unfunded work remaining on SAI plans and remove the work from the plan.
3. Verify the correct amount of stumpage available to fund eligible CWKV activities (form FS-2400-0050A, line 19) where changes may have occurred due to defaults, dropping units, stumpage escalation, and other such causes.
4. Verify if there are funds eligible for additional CWKV Deposit for Activities Outside Sale Area CWK2 (form FS-2400-0050A, Line 23). This calculation comes from Line 19, Stumpage Available for K-V financing, minus Line 22, Total Cost of K-V Funded Work.

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The value shown in Line 25 is what will be converted to CWK2 after sale closure during the K-V trust fund balance analysis. Line 25 is automatically calculated taking any available stumpage after funding the required and non-required CWKV activities in the sale area.

5. Determine what eligible work is currently funded (sec. 16.26) using the values for each SAI plan. The CWKV Plan Profile, Part A, produced by FACTS, should serve as the basis for this information.
6. Verify that the current national program support rate, inflation factor, and, if applicable, the current Forest collection rates are being used.

Sale area improvement plans must be reviewed annually, prior to the annual review of the CWKV balance (sec. 17.2). Approved dates of revised plans must be earlier than or the same as the sale closure date or official contract termination date approved by the contracting officer, whichever is earlier. No accounting adjustments are allowed for plans revised beyond either the sale closure date or contract termination date, whichever is earlier.

Sale area improvement plans are part of the interdisciplinary process and, therefore, must be reviewed by the specialists and staff from all concerned resource areas. The line officer authorized to sign the associated authorizing NEPA document(s) is responsible for reviewing and approving a revised SAI plan.

If any changes or additions to the SAI plan require additional NEPA documentation, a supplement or a new NEPA decision must be signed by the responsible line officer.

## **17 - ACCOUNTING TECHNIQUES**

### **17.1 - CWKV Pool and Tracking of CWKV Funds**

The CWKV pool is an accounting process for each PNF, established for ease of accounting so that individual expenditures need not be tracked separately on a sale-by-sale basis. The pool facilitates accounting for funds and allows for reasonable overruns and underruns of expenditures for the funded items listed on SAI plans. Do not use the CWKV pool to move funds between sales. Do not collect CWKV funds on one sale with the intention of spending them on another sale area. CWKV funds collected on one sale area must not be used to fund work that is unfunded on another sale area. Eligible unfunded work on a SAI plan may be financed with appropriated or other non-CWKV funds.

Before spending CWKV funds on a sale area:

1. Collect at least one payment for timber cut and removed, or
2. Collect at least one payment for other special products removed.

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CWKV may then be obligated from the pool to finance a funded activity.

Use the Forest Products Financial System (FPFS) (FSH 6509.17), to track CWKV collections and update the system whenever SAI plans are revised.

### **17.2 - Annual Review and Report of the CWKV Balance**

The purpose of the annual review of the CWKV balance is to:

1. Determine an estimate of the projected balance of the CWKV pool and its adequacy to finance funded CWKV work, and
2. Identify any unneeded CWKV collections that may be available for CWK2 work.

It is imperative that the SAI plans be updated with the national collection rate, activity unit costs (Forest collection rate), and inflation prior to completing the annual review and report of the CWKV balance. These three elements provide the total amounts needed to fund the program. These costs are used in the preparation of CWKV Balance Sheet Summary, form FS-2400-34 (sec. 17.21), to determine whether there are excess CWKV funds.

The reviews should consider Forest and Regional activity projections, available fund balances, and anticipated collections. It is critical that the analysis of the CWKV fund occur in a coordinated manner with the other trust funds (brush disposal, salvage sale, and timber sale pipeline restoration) as opportunities to adjust collections on open timber sale contracts may be lost if the funds are analyzed separately. Forest Supervisors are responsible for ensuring this coordinated analysis occurs on each PNF. Regional Foresters are responsible for ensuring this coordinated analysis occurs in summarizing the Regional information.

Each PNF shall annually evaluate uncompleted work activities and associated costs proposed on each SAI plan. Perform the review described in section 17.2 to determine the projected balance of CWKV funds on the Forest as of September 30 to see if sufficient funds will be available to do the uncompleted work.

To account for the CWKV collected for use outside the sale area, each PNF will need to sum up planned collections on open sales at the end of the fiscal year and also separately add up the collections on sales that closed during the fiscal year (FS-2400-0050A Line 25). The collections on open sales need to be treated as an obligation just like the planned CWKV activities within the sale area. The collections on sales that closed during the current fiscal year, represent funds that may be transferred to CWK2 for use in the Region in which they were collected, provided there is sufficient cash on hand to transfer these funds. The FS 2400-34 is designed to give the flexibility to reflect whether these collections and subsequent transfers will be managed for a Regional program of work or a Forest level program of work.

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The Forest Supervisor shall certify the accuracy of the review and the excess amount, if any, to be transferred to CWK2 at the Regional Office, and submit the review to the Regional Forester.

The Regional Office Forest Management staff, with assistance from the budget staffs, shall review and document the PNF CWKV balance sheets and supporting data, annually, to determine if the reported financial and unit cost information is reasonable and accurate. Regions shall complete the CWKV balance report by the date set forth in the year end reporting letter by the Washington Office and any excess identified must be transferred to the Washington Office no later than March 15 of the following year.

Units must submit copies of the Forest balance sheets to their individual Regional Office according to the schedule provided by the Regional Office. A summary of the Regional review should be submitted to the Washington Office Forest Management by the date set forth in the year end reporting letter by the Washington Office. The Washington Office, Forest Management staff shall review the reports and determine if any adjustments are necessary and advise the Regions if any changes are necessary to the balance reported.

By March 15 of the next year, the Regional budget staff shall prepare a general ledger adjust request through the Balance Voucher Adjustment System (BVAS), an interactive form in FMMI, and submit the form to ASC, transferring the excess K-V funds to the Washington Office.

The SPBA and collection staffs shall ensure that excess balance requests are processed from each of the Forests reporting excess funds, and determine the national excess CWKV balance considering whether or not:

1. Funds have been transferred from the CWKV account to another appropriation under the authority of 7 U.S.C. 2257.
2. Funds have been advanced for emergency firefighting purposes under the authority of 16 U.S.C. 556d or if funds have been transferred for emergency firefighting purposes under the authority of the relevant year's Appropriation Act.
3. There is qualifying CWK2 work.

### **17.21 - Format for Annual CWKV Balance Review**

Forests must annually complete a CWKV Balance Sheet Summary (Form FS-2400-34). The balance computed should be positive or close to zero. Negative figures indicate a need to revise existing SAI plans and calculate a new balance prior to submitting the final report to the Regional and Washington Offices. Forest-level and Regional summaries (Form FS-2400-69) of the CWKV balance reports, CWK2 Inventory of Work, and documentation of the Regional Office review are due by the date set forth in the year end reporting letter from the Washington Office each year. The Regional summary must include any CWKV funds held in the Regional Office. The Regional summary must be footnoted with the amount held in the Regional Office

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and the reason the funds are being held in the Regional Office. Revisions to SAI plans made after September 30 may necessitate manual changes to Forest Products Financial System (FPFS) reports. A negative balance may occur for several reasons; for example:

1. Work that was unfunded on SAI plans was financed incorrectly with CWKV funds.
2. SAI plans with available stumpage remaining have not been revised to update costs to current estimates.
3. Changes in stumpage rates were not reflected in SAI plan revisions.
4. SAI plans were revised but changes were not made to the FPFS.

Funds must not be transferred between sales to resolve negative balances. Resolving negative balances may involve revising the SAI plan on open sales to increase CWKV collections, where appropriate, or removing work from the affected SAI plan that would otherwise be funded.

Exhibit 01 displays form FS-2400-34 and provides instructions for completing form FS-2400-34. Exhibit 02 displays form FS-2400-69 and provides instructions for completing form FS-2400-69. The annual instructions sent out by the Washington Office for completing these forms will provide information regarding the reports to use to obtain the information needed for lines 1 and 2 for form FS-2400-34.

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**17.21 - Exhibit 01**

**Example - Form FS-2400-34**

**FOREST K-V BALANCE SUMMARY**

(Ref: FSH 2409.19 – Chapter 10)  
 (thousands of dollars)

National Forest		FY
1.	Projected Cash Balance as of 9/30 from FMMI Cash Balance Statement (General Ledger Period 13)	\$ _____
2.	National collection rate for program support (as a decimal)	_____
3.	Add any known collections (accrued earnings) through September of the prior fiscal year not yet shown on line 1.	\$ _____
4.	Portion of September collections that are not Program Support (Line 3 divided by (1 plus National Collection Rate for program support))	\$ _____
5.	<b>Total Unobligated Cash for Projects as of 09/30 (Line 1 plus 4)</b>	\$ _____
6.	Add projected remaining K-V cash collections for sales under contract as of 9/30 of the prior fiscal year:	
6a.	Remaining collections (See instructions)	\$ _____
6b.	Collections that are <b>not</b> for Program Support <i>Line 6a divided by (1plus National Collection Rate for Program Support)</i>	\$ _____
7.	<b>Total cash available for remaining funded work (Line 5 plus 6b)</b>	\$ _____
8.	Total remaining funded K-V work needs, from FS-2400-50 (line 15). Do <b>not</b> include unfunded work in this analysis. Do <b>not</b> include Program Support	
8a.	Required Reforestation	\$ _____
8b.	K-V Other	\$ _____
8c.	Total remaining funded work Inside Sale Area (8a plus 8b)	\$ _____
9.	<b>Projected cash balance after performing all remaining funded K-V work (Line 7 minus Line 8c).</b>	\$ _____
10.	Amount available to transfer to CWK2 (the lesser of line 5 or line 9)	\$ _____
10a.	KV Collections for use Outside the Sale Area on CLOSED SALES – Maximum to Retain on FOREST	\$ _____
10b.	KV Collections for use Outside the Sale Area on CLOSED SALES – FOREST Amount to Manage	\$ _____
10c.	KV Collections for use Outside the Sale Area on CLOSED SALES – REGION Amount to Manage	\$ _____
10d.	Subtotal Remaining Amount Line 10 minus (10b plus 10c).	\$ _____
11.	Planned KV Collections for use Outside the Sale Area on OPEN SALES	\$ _____
12.	Funding available for K2 conversion managed at the Regional Level	\$ _____

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**17.21 - Exhibit 01—Continued**

**Note: Transfer only the excess on Line 9 that is less than or equal to monies actually collected and on hand (Line 5)**

I CERTIFY THAT THE CASH BALANCE SHOWN ON LINE 9 IS AN ACCURATE STATEMENT OF CASH BALANCE FOR THIS PROCLAIMED NATIONAL FOREST, AND THAT THE BALANCE IN EXCESS OF K-V NEEDS SHALL BE REPORTED TO THE REGIONAL OFFICE FOR TRANSFER TO CWK2.

\_\_\_\_\_  
FOREST SUPERVISOR (SIGNATURE)

\_\_\_\_\_  
DATE

**INSTRUCTIONS FOR FOREST CWKV BALANCE SHEET SUMMARIES**

The following numbered instructions correspond to the item number of the Forest CWKV Balance Sheet Summary. Refer to the annual trust fund balance analysis call letter sent by the Washington Office for source reports for several of the lines on the report. If the Regional Office has funds in their accounts they may want to consider filling out a balance analysis sheet for the Regional Office and submit it to the Washington Office along with the forest reports. All dollar values must be in thousands of dollars.

1. Enter projected cash balance from September 30 of the prior fiscal year's cash balance statement. Document any differences between what appears on the source report and the amount entered on this line. If a unit has more than one proclaimed unit (reporting category), you must complete a CWKV balance sheet for each Proclaimed Unit. If a unit has a third reporting category such as 969 which in most cases depicts negative balances from old cost pools/indirect/program support charges, units must prorate these balances among your corresponding proclaimed units based on either current expenditures or balances, unless the unit knows to which Proclaimed Unit those charges belong to.
2. Enter the most recent national collection rate for program support as a decimal.
3. Enter any known collections through September 30 of the prior fiscal year that are not included in Line 1.
4. Enter that portion of the collections on Line 3 that are not National Program Support. The following formula should be used to calculate Line 4: Line 3 divided by (1 plus national collection rate for program support).
5. Enter the sum of Line 1 and Line 4. This represents the maximum amount that may be available to transfer to CWK2.
6. Enter an estimate of the projected CWKV cash collections for sales under contract as of September 30 of the prior fiscal year.
  - a. Enter the sum of K-V funds yet to be collected on all sales under contract as of 9/30 of the prior fiscal year. These projected collections must reflect actual anticipated collections.
  - b. Portion of collections on Line 6a that are not for National Program Support. The following formula should be used to calculate Line 6b: Line 6a divided by (1 plus national collection rate for program support).

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**17.21 - Exhibit 01—Continued**

7. Enter the sum of Line 5 and Line 6b.
8. Enter funding needs to accomplish remaining funded work. This figure is the summary of uncompleted funded work determined individually for each active sale area SAI plan (sec. 22.21). Do not include unfunded work in this analysis. Do not include national program support. See chapter 90 for details on what is and is not included in the national collection rate for program support. Forests need to ensure they collect sufficient funds to cover all costs not included in the national collection rate for program support.
  - c. a. All activities meeting the requirements of section 12 (Line 15 from FS-2400-0050A).
  - d. b. All other appropriate K-V activities that are not included in line 8a (are not required reforestation) (Line 16 from FS-2400-0050A).
  - e. c. Sum of a and b. This should be the same as the sum of the remaining work to be done on activities that are included on Lines 15 and 16 of FS-2400-0050A.
9. Enter the projected cash balance of the PNF's CWKV pool. Subtract the entry on Line 8c from Line 7.
10. Enter the amount from Line 9 or Line 5, whichever is smaller. This represents the excess funds available for transfer to CWK2.
  - f. KV Collections for use Outside the Sale Area on CLOSED SALES. Sum the amounts of CWKV collected for use outside the sale area from sales that closed during the prior fiscal year (for FY19 Balance Analysis, include all sales that closed during FY19).
  - g. KV Collections for use Outside the Sale Area on Closed Sales – FOREST Amount to Manage. Line 10a multiplied by the percentage of funds the Forest will manage.
  - h. KV Collections for use Outside the Sale Area on Closed Sales – REGION Amount to Manage. Line 10 a multiplied by the percentage of funds the Region will manage.
11. Planned KV Collections for use Outside the Sale Area on OPEN SALES (Line 25 from FS-2400-0050A)..
12. Funding available for CWK2 conversion managed at the Regional Level (Line 9 minus Line 10).

Forests need to ensure that while Line 10 represents the funds available for transfer to CWK2, the ability to fund the current FY program of work needs to be incorporated. In the remarks section, explain any reduction in the amount to be transferred.

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**17.21 - Exhibit 02**

**Form FS-2400-69 - Ref. FSH 2409.19  
REGIONAL CWKV BALANCE SHEET SUMMARY**

(Ref: FSH 2409.19 – Chapter 10)  
 (thousands of dollars)

Region	FY
1. Projected Cash Balance as of 9/30 from FMMI Cash Balance Statement (General Ledger Period 13)	\$ _____
2. National collection rate for program support (as a decimal)	_____
3. Add any known collections (accrued earnings) through September of the prior fiscal year not yet shown on line 1.	\$ _____
4. Portion of September collections that are not Program Support (Line 3 divided by (1 plus National Collection Rate for program support))	\$ _____
<b>5. Total Unobligated Cash for Projects as of 09/30 (Line 1 plus 4)</b>	<b>\$ _____</b>
6. Add projected remaining K-V cash collections for sales under contract as of 9/30 of the prior fiscal year:	
6a. Remaining collections (See instructions)	\$ _____
6b. Collections that are <b>not</b> for Program Support <i>Line 6a divided by (1 plus National Collection Rate for Program Support)</i>	\$ _____
<b>7. Total cash available for remaining funded work (Line 5 plus 6b)</b>	<b>\$ _____</b>
8. Total remaining funded K-V work needs, from FS-2400-50 (line 15). Do <b>not</b> include unfunded work in this analysis. Do <b>not</b> include Program Support	
8a. Required Reforestation	\$ _____
8b. K-V Other	\$ _____
8c. Total remaining funded work Inside Sale Area (8a plus 8b)	\$ _____
<b>9. Projected cash balance after performing all remaining funded K-V work (Line 7 minus Line 8c).</b>	<b>\$ _____</b>
10. Amount available to transfer to CWK2 (the lesser of line 5 or line 9)	\$ _____
10a. KV Collections for use Outside the Sale Area on CLOSED SALES – Maximum to Retain on FOREST	\$ _____
10b. KV Collections for use Outside the Sale Area on CLOSED SALES – FOREST Amount to Manage	\$ _____
10c. KV Collections for use Outside the Sale Area on CLOSED SALES – REGION Amount to Manage	\$ _____
10d. Subtotal Remaining Amount Line 10 minus (10b plus 10c).	\$ _____
11. Planned KV Collections for use Outside the Sale Area on OPEN SALES	\$ _____
12. Funding available for K2 conversion managed at the Regional Level	\$ _____

**Note: Transfer only the excess on Line 9 that is less than or equal to monies actually collected and on hand (Line 5)**

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**17.21 - Exhibit 02—Continued**

I CERTIFY THAT THE CASH BALANCE SHOWN ON LINE 9 IS AN ACCURATE STATEMENT OF CASH BALANCE FOR THIS REGION, AND THAT THE BALANCE IN EXCESS OF K-V NEEDS SHALL BE REPORTED AND TRANSFERRED TO CWK2.

\_\_\_\_\_  
REGIONAL FORESTER (SIGNATURE)

\_\_\_\_\_  
DATE

**INSTRUCTIONS FOR REGIONAL CWKV BALANCE SHEET SUMMARIES**

The following numbered instructions correspond to the item number of the Regional CWKV Balance Sheet Summary. Refer to the annual trust fund balance analysis call letter sent by the Washington Office for source reports for several of the lines on the report. All dollar values shall be in thousands of dollars. The Regional Office should provide justification and supporting documentation for any discrepancies.

1. Enter the sum of all Line 1 submitted by the units. If this total does not match the total projected cash balance from the regional cash balance statement, footnote the reason for the difference.
2. Enter the most recent national collection rate for program support.
3. Enter the sum of all Line 3 submitted by the units.
4. Enter that portion of the collections on Line 3 that are not National Program Support. The following formula should be used to calculate Line 4: Line 3 divided by (1 plus national collection rate for program support).
5. Enter the sum of Line 1 and Line 4. This represents the maximum amount that may be transferred to the Washington Office for consideration for transfer to CWK2.
6. Add projected remaining collections for sales under contract as of 9/30 of the prior fiscal year.
  - a. Enter the sum of all Line 6a submitted by the units.
  - b. Enter that portion of the collections on Line 6a that are not National Program Support. The following formula should be used to calculate Line 6b: Line 6a divided by (1 plus national collection rate for program support).
7. Enter the sum of Line 5 and Line 6b.
8. Sum the total of all remaining K-V funded work needs.
  - a. Enter the sum of all Line 8a submitted by the units.
  - b. Enter the sum of all Line 8b submitted by the units.
  - c. Enter the sum of all Line 8c submitted by the units.
9. Projected cash balance after performing all of the remaining funded K-V work (Line 7 minus Line 8c).

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**17.21 - Exhibit 02—Continued**

NOTE: The calculations on Lines 1-9 are for those activities that are appropriate for CWKV work within timber sale areas. Any funds which are not needed in those sale area needs which could be utilized for regional activities under the CWK2 authorities.

10. Enter the sum of all Line 10. This is the lesser of the amounts shown on Line 5 or Line 9.

- d. Enter the sum of all Line 10a. This is the sum of all CWKV Collections for Use Outside the Sale Area (sec 10.5) on sales that closed during the prior fiscal year.
- e. Enter the sum of all Line 10b. This is the sum of all CWKV Collections for use Outside the Sale Area on CLOSED SALES – FOREST Amount to Manage.
- f. Enter the sum of all Line 10c. This is the sum of all CWKV Collections for use Outside the Sale Area on CLOSED SALES – REGION Amount to Manage.

11. Enter the sum of all Line 11. This is the sum of CWKV Collections for use Outside the Sale Area on OPEN SALES.

12. Enter the sum of all Line 12. This is the sum of CWKV to be converted to CWK2 for use at the Regional Level.

Regions need to ensure that while Line 10 represents the funds available for transfer to CWK2, the ability to fund the current FY program of work needs to be factored in. The Regional Forester certifies the cash analysis. In the remarks section, explain any reduction in the amount to be transferred.

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## **17.22 - Format for CWKV Plan Profiles, Parts A and B**

The CWKV Plan Profiles, Parts A and B, provide useful tools for preparing out-year CWKV spending authority requests. Both of these reports, along with the Regional summary, are produced by FACTS. The Washington Office will pull the CWKV Plan Profiles, Part B, and the Regional summary directly from FACTS. Regions do not need to submit these reports. However, Regions and forests will need to ensure that the data in FACTS is correct by the date annually specified by the Washington Office. Normally, the Washington Office will generate the Regional summary and Part B during the last week of November or the first week of December. In order for CWKV funded activities to appear on the CWKV Plan Profiles, Part A and Part B, the activity must have an associated trust fund plan in FACTS. CWKV funded activities that do not have an associated trust fund plan in FACTS will not appear on these reports.

Part A is done on a sale-by-sale basis. The Part A is to be retained on the Forest. It is extremely important that the most recent revision of the SAI plan reflect the most recently published national collection rate for program support and inflation rate so sufficient spending authority will be requested. Part B is the forest summary of the Part A. Both the Part A and Part B are to be retained on the Forest to document the development of the out-year planned program of work. In addition, the Part B is to be retained in the Regional Office to document the Regional out-year planned program of work.

On the date annually specified by the Washington Office in the year end reporting letter, the Washington Office will generate an updated Regional summary report and the Part B for each forest for the current fiscal year and the initial spending authority request for the following fiscal year. For example, on December 1, 2019, the Washington Office will generate an updated Regional summary report for FY 2020 as well as the initial spending authority spending request by activity area for 2021, as well as the Part B for each forest for these same years.

Exhibit 01 displays the CWKV Plan Profile, Part A (form FS-2400-67), and describes how this form is prepared in FACTS. Exhibit 02 displays the CWKV Plan Profile, Part B (form FS-2400-68), and describes how this form is prepared in FACTS.



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**17.22 – Exhibit 01—Continued**

**Instructions for Completing Part A of the CWKV Plan Profile (FS-2400-67)**

1. District or Subunit name from block 2 of FS-2400-0050A.
2. The PNF name from block 1 of FS-2400-0050A.
3. Name of the individual running the report.
4. The date the report was run.
5. The fiscal year for which the analysis was prepared (for example, FY 2010).
6. The Sale name from block 3 of FS-2400-0050A.
7. A description of the funded CWKV activities planned for completion during the year specified in block 5. FACTS work activity descriptions are used. A separate line is created for different activities within the same work activity code. For example, if both certification of natural regeneration without site preparation and planting are planned, one line will show “Certification of natural regeneration without site prep” and another line will show “Full planting concurrent with site prep.”
8. The work activity for the planned work. This will be used for tracking and reporting purposes.
9. The number of units of work that are planned for accomplishment in the fiscal year specified in block 5.
10. The units of work measure (acres, feet, miles, and so forth) that are planned for accomplishment. A separate line is created for different units of measure within the same work activity.
11. The dollar amount for the planned cost for each CWKV funded activity. This estimate is derived by expanding the number of units shown in block 9 by the cost per unit specified in the most current revision to the SAI plan (block 12, form FS-2400-0050A). This estimate DOES NOT include program support costs.
12. The sum of block 11 for all CWKV funded activities programmed for accomplishment in the fiscal year shown in block 5.
13. The amount of program support for all the planned work. This is derived by multiplying block 12 by the national collection rate for program support.
14. The total cost of planned work. This is the sum of lines 12 and 13.



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**17.22 – Exhibit 02—Continued**

**Instructions for Completing Part B of the CWKV Plan Profile (FS-2400-68)**

1. The PNF name from block 1 of FS-2400-0050A.
2. The name of the individual running the report.
3. The date the report was run.
4. Enter the fiscal year for which the analysis was prepared (for example, FY 2010).
5. A description of the funded CWKV activities planned for completion during the year specified in block 5. FACTS work activity descriptions are used. A separate line is created for different activities within the same work activity code. For example, if both certification of natural regeneration without site preparation and planting are planned, one line will show “Certification of natural regeneration without site prep” and another line will show “Full planting concurrent with site prep.”
6. The work activity for the planned work. This will be used for tracking and reporting purposes.
7. The total number of units of work that are planned for accomplishment in the fiscal year specified in block 5. This will be a summary of the CWKV Plan Profiles, Part A.
8. Units of work measure (acres, feet, miles, and so forth) that are planned for accomplishment. A separate line is created for different units of measure within the same work activity.
9. The dollar amount representing the planned cost for carrying out the planned program of work, by activity code, by unit of measure. This is derived by adding together the planned cost of all CWKV funded activities for each work activity and unit of measure from part A of the CWKV Plan Profiles.
10. The dollar amount representing the sum of all blocks 12 from the Part A.
11. The amount of program support for all of the planned work. This is derived by summing all block 13s from the Part A.
12. The total cost of forest planned work. This is the sum of all block 14 from the Part A.

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### **17.3 - Activity Tracking**

All CWKV funded resource activities and accomplishments must be tracked through the FACTS program. Tracking unfunded CWKV activities in FACTS aids in the annual review of SAI plans and the preparation of the annual CWKV balance report.

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