



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT
600 ARMY PENTAGON
WASHINGTON DC 20310-0600



DAIM-ED-N (200-1a)

17 AUG 1999

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Regulatory Guidance for Reimbursable
Agricultural/Grazing and Forestry Programs

1. Reference AR 200-3, 28 Feb 95, Natural Resources - Land, Forest, and Wildlife Management.
2. The subject regulatory guidance (enclosed) is provided for immediate implementation.
3. The reimbursable programs are tools for shaping Army landscapes to improve the capability to achieve mission readiness, aid compliance, and, in many cases, enhance biodiversity. The enclosed regulatory guidance supplements the reference to accelerate the evolution of these programs as installation enablers by improving integration with mission, compliance, and ecosystem management efforts. It improves opportunities for holistic recognition and management of ecosystems by requiring better coordination among programs. Concurrently, the guidance will improve fiscal soundness, incorporate Army audit recommendations, and expand uses of revenue.
4. The guidance gives Major Army Commands (MACOMs) substantial responsibility following the precedence established in AR 200-3. Responsibilities of MACOMs, U.S. Army Environmental Center, and this Directorate are specified throughout the document.
5. The applicability of this guidance is the same as the applicability of AR 200-3. The term MACOM used in the guidance is intended to include the National Guard Bureau and the U.S. Army Reserve Command.

DAIM-ED-N (200-1a)

SUBJECT: Review of Draft Guidance for Agricultural/Grazing and Forestry Reimbursable Programs

6. Addressees are requested to contact Mr. Bill Woodson, 703-693-0678, with any problems encountered implementing this guidance or suggestions for improvement.

FOR THE ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT:



RICHARD L. FREEMAN
Colonel, GS
Director, Environmental Programs

Encl

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DAIM-ED-N (200-1a)

SUBJECT: Review of Draft Guidance for Agricultural/Grazing and
Forestry Reimbursable Programs

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**Army Regulatory Guidance:
Reimbursable Agricultural/Grazing and Forestry Programs**

1. Implementing Laws

a. Leases (Agricultural and Grazing Outleases) 10 U.S.C. 2667(d)(4). Money received by the United States from leases for agricultural or grazing purposes of land under the control of the Secretary of the Army may be retained and spent by the Secretary in such amounts as the Secretary considers necessary to cover the administrative costs of outleasing and the financing of multiple-land use management at any installation under the jurisdiction of the Secretary.

b. Sale of Certain Interests in Land; Logs (Reimbursable Forestry), 10 U.S.C. 2665.

(1) The Department of the Army may sell to any person or foreign government any forest products produced on land it owns or leases except as restricted by the Forest Resources Conservation and Shortage Relief Act of 1990.

(2) Appropriations of the Department of the Army may be reimbursed for all costs of production of forest products from amounts received as revenue from the sale of forest products.

(3) The state in which a military installation is located from which forest products are sold in a fiscal year is entitled at the end of such year to forty percent (40%) of the net revenue of forest product sales. Net revenue is the gross proceeds received less the amount of reimbursement of appropriations to the Department of the Army on an installation pro rata basis.

(4) The total amount received by the Department of the Army as revenue from the sale of forest products, under 10 U.S.C. 2665(b), less: (1) reimbursements of appropriations made under 10 U.S.C. 2665(d); and (2) payments made to States under 10 U.S.C. 2665(e), shall be deposited in the DoD Forestry Reserve Account.

c. Forest Resources Conservation and Shortage Relief Act of 1990. No person who acquires unprocessed timber originating from Federal lands west of the 100th meridian in the contiguous 48 States may export such timber from the United States, or sell, trade, exchange, or otherwise convey such timber to any other person for the purpose of exporting such timber from the United States, unless such timber has been determined to be surplus to the needs of timber manufacturing facilities in the United States.

2. General

a. Reimbursable agricultural/grazing and forestry activities are opportunities for planning and managing the landscape (i.e., the appearance and natural characteristics of the area) to fit the needs of the mission. Outleasing (grazing, hay, etc.) and harvest of forest products shall be conducted in such a manner to support mission operations, support conservation compliance, and execute natural resources stewardship, e.g. maintain healthy ecosystems, sustain biodiversity.

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b. Installation mission operations personnel (e.g. installation G-3, Directorate of Plans Training and Mobilization staff or equivalent, and testing counterparts) shall determine optimum mission landscape requirements (i.e. ecosystem characteristics) in consultation with installation conservation personnel. Installation conservation personnel shall determine technical feasibility of achieving landscape requirements and integrate environmental compliance (e.g. endangered species protection) and stewardship requirements. Forestry and outleasing activities shall then contribute to achieving those integrated requirements.

c. Installations that conduct these activities must identify how specific reimbursable program activities directly support mission landscape requirements and environmental stewardship in the Integrated Natural Resources Management Plan (INRMP) or other appropriate planning document where INRMPs are not required. Reimbursable program activities that obstruct these requirements are not eligible for automatic reimbursement authority.

d. Installations that conduct these activities shall supplement installation operating expenses for management of natural resources through the reimbursable programs.

3. Implementation

a. Agricultural and Grazing Outleasing and Reimbursable Forestry.

(1) Agricultural and forest products shall not be given away, abandoned, carelessly destroyed, used to offset contract costs or traded for services, supplies, or products, or otherwise be improperly removed (except as authorized in 3b(9) and 3c(2)).

(2) Forest product sales and agricultural grazing outleasing are to be performed IAW MACOM policy, AR 200-2, AR 405-90, and AR 405-80.

(3) Agricultural and grazing outleasing and forest product sales may be conducted under this policy on withdrawn or inleased land when the land use agreement permits such activities.

(4) Installations required to have an INRMP may not sell forest products or outlease land for agricultural and grazing unless the effects of the sale or leasing are compatible with the purposes of the INRMP.

(5) Installations operating a sustained reimbursable activity must meet the following criteria. The MACOMs are responsible to determine what constitutes a sustained reimbursable activity if there is any doubt. These criteria are not intended for the occasional removal of forest products for mission purposes.

(a) Must support the mission. Must not encumber land that is needed for conducting mission operations. While pursuing and planning reimbursable activities, natural resource managers must coordinate with mission operators to identify opportunities to improve long-term mission access to land, increase training realism, and improve training flexibility. Mission use of land includes uses as determined by the installation Commander, e.g. individual/collective training, testing, storage, and production.

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(b) Must comply with applicable law and have an INRMP developed in accordance with the National Environmental Policy Act (NEPA) that addresses the impact, if any, on the composition, structure, and function of natural communities and biological diversity. Where INRMPs are not required, impacts must be documented in other suitable installation plans that have been prepared IAW NEPA.

(c) Must be a fiscally sound investment and capable of ecosystem sustainability. MACOMs shall closely evaluate installation budget requests to ensure program expenditures are balanced with receipts (revenue) and benefits. Periodic, negative net receipts can be anticipated and are allowable. Consistent negative net receipts at an installation indicate a reimbursable program that may not be viable and may not be eligible for automatic reimbursement authority depending on the extent to which the mission is benefited.

(d) Must be consistent with installation safety restrictions.

(e) Must consider the potential effect on significant archeological resources and historic properties per AR 200-4.

(6) Agriculture and grazing outleasing and forest products sales may continue on land reported as excess or scheduled for closure until title of the land is transferred from the Army. The actions must be included in the INRMP. Clear-cuts on excess lands or those scheduled for closure are prohibited unless approved by the MACOM. That portion of the revenue from sales of land that is attributable to the value of standing timber on the land sold shall be deposited in the Forestry Account IAW DFAS-IN Manual 37-100-##.

(7) Uses of generated revenue.

(a) Program management costs for personnel at all levels (installation, MACOM, District, Division, Field Operating Activity (FOA), Army Staff (ARSTAF), United States Property and Fiscal Officers, and auxiliary or contracted staff (e.g. through interagency agreements, Oak Ridge Institute for Science and Education, etc.)) may be reimbursed by revenue from these activities if the primary (majority) duties are to administer the reimbursable programs.

(b) Surveys and studies needed to evaluate the status of natural resources as affected by the reimbursable program activity -- water quality, soil erosion, and biodiversity (particularly Threatened and Endangered (T&E) species and neotropical migrants) may be reimbursed.

(c) Projects to integrate reimbursable operations with mission activities (e.g. tactical concealment areas) may be reimbursed.

(d) Soil erosion control projects to reduce erosion that has been accelerated by reimbursable activities may be reimbursed.

(e) Surveys and studies needed to evaluate the status of cultural resources as affected by reimbursable activities may be reimbursed.

(f) Automatic reimbursement authority may be used to secure office/storage space and equipment directly supporting reimbursable programs, but it may not be used for major construction, ornamental landscaping, or decorative plants. Organizations may exchange or sell similar items of Federal property and may apply the exchange allowance or proceeds of sale in whole or in part-payment for the property

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being acquired IAW DoD 4140.1-R DoD Materiel Management Regulation; note that the exchange/sell procedure excludes firefighting equipment.

(g) Requirements for agricultural/grazing outleasing and forestry automatic reimbursement authority will be identified annually through the MACOMs to U.S. Army Environmental Center (USAEC) to the Office of the Director of Environmental Programs (ODEP). The Director of Environmental Programs (DEP) will issue automatic reimbursement authority to the MACOMs, for identified requirements and Army needs.

(h) Installations must obtain prior approval to exceed the capital expenditure limit for equipment or procure centrally controlled equipment if using automatic reimbursement authority or DoD forestry reserve account for the purchase. Requests for approval are submitted by installations to their MACOM and from MACOMs through USAEC to ODEP. The detailed procedure is provided in U.S. Army Field Activity Center (USAFAC) Letter of Instruction, "Accounting and Reporting Procedures for Production and Sale of Forest Products" and DFAS IN R 37-1(rulebook), Chapter 14. Also see paragraph 3a(7)(f).

(i) Automatic reimbursement authority may not be used to augment the general operating expenses of the installation as overhead. For example, overhead outside of the agriculture outlease or forestry programs, such as Joint Logistic Support Center (JLSC) or Net Operating Result (NOR) surcharges, may not be charged to the extent that the adjustments include costs that do not directly benefit the agriculture outleasing or forestry programs.

(8) Forest management and stewardship expenses may also be properly charged to other accounts, e.g. Base Operations - Environmental Conservation, , Maintenance and Repair - Grounds, Fire and Emergency Response Services.

(9) Availabilities for agriculture and grazing outleasing and sale of forest products must be approved on an annual FY basis by the MACOM IAW MACOM policy, AR 405-80, and 405-90.

b. Agricultural and Grazing Outleasing.

(1) Army lands will be routinely examined to determine what areas, if any, may be made available for outlease IAW AR 405-80 and paragraph 2.a. of this policy. Reports of availability of land for outleasing will be prepared IAW AR 405-80. Prerequisites for availability of outlease for agriculture/grazing are, as applicable, documentation in the installation's INRMP and Endangered Species Management Plans (ESMPs); compliance with the Endangered Species Act, compliance with 36 CFR 800, Native American Graves Protection and Repatriation Act, and other applicable statutes as outlined in AR 200-4; coordination with the United States Fish and Wildlife Service (USFWS); and environmental documentation IAW AR 200-2.

(2) Lands will be reviewed to assure they are safe for nonmilitary purposes prior to outleasing IAW AR 200-1. The environmental condition will be documented in a Finding of Suitability to Lease, Environmental Condition of Property, Environmental Baseline Survey and/or NEPA documentation.

(3) Technical provisions and conservation practices are to be developed to ensure their compliance with Best Management Practices for agriculture and ecosystem

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management. The technical provisions and conservation practices will be contained within a Natural Resources Conservation Service (NRCS) Soil and Water Conservation Plan (or equivalent) for each agricultural/grazing lease on the installation. Technical provisions and conservation practices shall be developed in cooperation with the NRCS, or other technical agency, where possible, and in coordination with the District Engineer and/or MACOM. Changes and amendments to existing leases that affect these provisions and practices are also to be coordinated with all appropriate personnel (may include installation, NRCS, District Engineer, and MACOM) prior to implementation.

(4) Installations shall ensure that maintenance, protection, repair and restoration by the lessee of the area leased is provided for in the lease agreement/contract. Also include any other technical provisions outlining conservation measures and practices to be performed by the lessee on the area to be leased which will assure compliance with the installation's INRMP, maintenance and/or improvement of water quality, soil stability, and biodiversity.

(5) Installations shall ensure that agricultural/grazing leasing is coordinated with the land use restrictions imposed by the presence of hazardous materials or the performance of waste surveys and restoration activities.

(6) Installations shall use principles of integrated pest management, integrated crop management, and other management techniques for outleases to help reduce pesticide usage and contribute to the Army's pesticide reduction efforts. Lessees desiring to apply pesticides or conduct animal damage control on installation property, or to contract for such work, must accomplish all tasks according to the approved installation pest management plan and AR 420-76 (to be replaced by AR 200-5). This applies even on outleases whose contract contains provisions for lessees to assume full responsibility for the application of pesticides and animal damage control on their leased land IAW the provisions of applicable Federal laws and regulations. All pesticide uses will be reported by the responsible installation IAW AR 420-76 (AR 200-5).

(7) Installations shall assure outleased lands are inspected annually to ensure compliance with maintenance, conservation, and environmental requirements and that noncompliance is reported to the to the District Engineer and/or MACOM for enforcement.

(8) Supplemental agreements to existing leases should be negotiated with lessees to amend them to comply with the provisions of this policy. -

(9) All revenues from agriculture and grazing outleases or sale of equipment procured with agriculture and grazing reimbursables shall be deposited to the Army account established for that purpose (10 U.S.C. 2667 and DFAS-IN Manual 37-100-##) except in exchange or sale authority stated in paragraph 3a(7)(f). Outleases shall not offset the total amount of the outlease value. At a minimum, installation revenues will be collected to cover the costs of administration of the installation lease.

(10) The use of revenue from agricultural and grazing outleases are restricted by law as detailed in paragraph 1a. Revenue may be used for reimbursement of the administrative costs of outleasing and the financing of multiple-land use management activities through established budget procedures. These include:

- (a) Administration of agricultural/grazing outleases.
- (b) Initiation, improvement, and perpetuation of agricultural outleases.

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- (c) Natural resources management activities, to include purchase of equipment and materials to support natural resources management.
- (d) Program management costs at all levels.
- (e) Army-wide initiatives that improve the management of natural resources.

c. Reimbursable Forestry.

(1) Reimbursable forestry activities shall incorporate the following principles and requirements:

(a) Forest inventories will be made, kept current (not older than ten years), and utilized to support the installation INRMP on forests essential to the mission and/or capable of commercial product production. Inventory systems will be of an intensity that is appropriate for the planned use of the forest and for monitoring the long-term health and sustainability of the forest. Integrating forest inventories with vegetation communities planning level surveys is encouraged.

(b) Prerequisites for availability to harvest forest products are, as applicable, documentation in the installation's INRMP and ESMP(s); compliance with the Endangered Species Act, compliance with 36 CFR 800, Native American Graves Protection and Repatriation Act, and other applicable statutes as outlined in AR 200-4; coordination with the USFWS; and environmental documentation IAW AR 200-2. The INRMP will include plans for forest harvesting, e.g. thinning, intermediate harvests, and final harvests, as appropriate. Where INRMPs are not required, forest plans must be outlined in other suitable installation plans.

(c) All forest products are to be accounted for and commercial harvests completed prior to the start of any construction that may impact forest resources.

(d) Forest products may be harvested to generate energy only if a dollar amount equal to the fair market value is deposited in the Army Forestry Account.

(e) All Army solicitations and contracts for timber sales affected by the Forest Resources Conservation and Shortage Relief Act of 1990 shall contain a provision restricting the export of unprocessed timber procured on Army lands.

(2) Individuals may be allowed to collect edible or non-timber forest products (including firewood) in designated areas if the removal would be a cost savings to the installation and the value is not high enough to justify the expense of a sale. All of these uses must be addressed in the INRMP.

(3) All revenue from the sale of forest products or sale of equipment procured with forestry reimbursables shall be deposited to the Army forestry account established for that purpose (DFAS-IN Manual 37-100-##) except in exchange or sale authority stated in paragraph 3a(7)(f). When forest products are removed from Army land by any means other than a commercial sale (e.g. generating energy on the installation), a dollar amount equal to the fair market value is to be deposited in the Army forestry account by the proponent of the activity removing the forest products. The exception is that forest products may be removed or used for/to directly assist the military mission without payment.

(4) The use of revenue from forest product sales is restricted by law as detailed in paragraph 1b. Revenue may be used for the management of forests and

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natural resources that support forest stewardship on land affected by reimbursable forestry programs. These include elements described in paragraphs 3a(7) and 5c(4)-(9).

(5) Forest product revenue generation is cyclic. Allocation of forestry automatic reimbursement authority is prioritized as follows: first, installations that support higher priority missions (e.g. ITAM categorized installations and power projection platforms); second, installations where revenues are consistently more than expenses; third, administrative personnel at MACOM, Division, FOA, and ARSTAF level for duties directly attributable to reimbursable forestry management, installations that have periodic revenue, and installations capable of sustained productivity.

(6) Periodically the DEP will request that MACOMs submit a prioritized list of installation requirements for use of DoD Forestry Reserve Account funds. The USAEC will consolidate requests and submit a recommended list of projects for funding to the ODEP. Uses of DoD Forestry Reserve Account funds are restricted to CONUS for the following purposes:

- (a) Improvements of forest lands.
- (b) Unanticipated contingencies in the administration and management of forest lands and the production of forest products for which other sources of funds are not available in a timely manner.
- (c) Natural resources management that implements approved plans and agreements.

4. Reports

HQDA requires management information and is required to compile and provide information regarding the status of natural resources management activities and programmed requirements on Army installations to the DoD and, at times, to Congress. The following annual reports require input by applicable Army installations and organizations:

a. Installation Status Report (ISR), Part II (Environment). The ISR provides information to the Chief of Staff of the Army regarding the status of natural resources and their influence on installation missions. The goal of Part II is to capture macro-level status of installations' environmental program and to improve the justification/prioritization of limited resources. Project objectives are to assess installation environmental compliance, summarize environmental conditions, measure mission impacts, and assess the effectiveness of environmental program performance. Analysis of ISR data should assist commanders at all levels to improve installation conditions and ultimately the readiness of forces that our installations support. The Assistant Chief of Staff for Installation Management (ACSIM) is the proponent of the ISR.

b. Environmental Quality Report (EQR). The EQR tracks how well the Army's environmental compliance status meets statutory and regulatory requirements and combines other reports (e.g., DoD Measures of Merit, Reforestation Report, etc.). EQR partially responds to the requirement to perform environmental compliance assessments

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as required by AR 200-1. The ACSIM is the proponent for EQR. Installations shall enter appropriate data and MACOMs shall verify the accuracy.

c. Reimbursable Agricultural/Grazing and Forestry Annual Work Plans. These work plans are submitted by MACOMs to USAEC for development of the automatic reimbursement authority budgets and are due no later than (NLT) 30 June each year.

d. Value of Forests Available for Commercial Management, General Ledger Account 1840, Other Natural Resources. The USAEC coordinates this report with ODEP and submits it NLT 30 September each year.

e. Verification of Consolidated Analysis of Department of Army Forest Products Report. MACOMs and Army Corps of Engineers Districts must verify to USAEC the accuracy of this report and correct errors quarterly.

f. Financial Reports. Army Corps of Engineers Districts shall report installation agricultural/grazing outlease and forest product revenues and Army Corps of Engineers District expenses to MACOMs, USAEC, and the Army Corps of Engineers Central Finance Office quarterly. The Central Finance Office shall verify the amounts and report to Defense Finance and Accounting Service.

g. Forest Product Sales and Projections. Army Corps of Engineer Districts (and MACOMs using alternative means for forest product sales) shall report forest product sales and FY forest sale projections to USAEC monthly during the second half of each FY.

h. DoD Forestry Reserve Account Reports. Status of projects and funds shall be reported by installations, MACOMs, and USAEC as directed.

i. Forest Pest Management. Installation forest pest management projects to be funded by U.S. Forest Service will be reported by installations, MACOMs, and USAEC as directed.

j. Financial Data. The USAEC shall maintain a minimum of a seven-year historical record of reimbursable program financial data.

k. Reforestation Report. The acres of trees planted or seeded on Army installations, categorized by state, is reported to the U.S. Forest Service. The USAEC coordinates this report with ODEP and submits it each January. Data will come from the EQR.

5. New Terms and Categories

a. Fiscally Sound Investment. This term is applied to the automatic reimbursable programs, i.e. agricultural and grazing outleasing and reimbursable forest management.

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At the installation level, the term means that the value of the efforts (cash proceeds, mission enhancements, maintenance benefits and/or habitat improvement) is more than the expenses. At the MACOM level, the term means that total expenses for the MACOMs (installation, Army Corps of Engineer District, MACOM, and State entitlements) at year-end will consistently be equal to or less than revenue.

b. Ecosystem Sustainability. A condition of living communities that meets or can be manipulated to meet current mission, compliance, stewardship and production needs without compromising the future ability to meet those needs. Compliance and stewardship include the protection of all resources, especially soil, water, T&E species, and wildlife.

c. The following categories and directions shall be used in the reimbursable agricultural/grazing and forestry annual work plans:

(1) Agricultural/Grazing Administration. Include administration of the leases such as planning, development of soil and water conservation plans and lease specifications, inspections, coordination with lessees, coordination with military missions, and appraisals.

(2) Agricultural/Grazing Lease Projects. Include improvements to be made to the leased areas such as soil and water conservation projects, fences, roads maintenance, gate repair, and watering devices.

(3) Agricultural/Grazing Natural Resources Projects. Include natural resources projects to be reimbursed by agricultural/grazing revenues that implement the INRMP such as inventories, surveys, and habitat improvement. This is to be used as a supplement to other funds available for INRMP implementation.

(4) Forestry Equipment. Include purchase, over the Capital Expenditure Limit (currently \$100,000) only, of forestry equipment (e.g. vehicles, heavy equipment) used exclusively in reimbursable forest management.

(5) Forest Fire Protection. Include the protection of forests on land in forestry reimbursable programs. Includes equipment costing less than the Capital Expenditure Limit identified in paragraph 5c(4).

(6) Forest Management. Include reimbursable forest management functions. Include supervision, planning, programming, and conducting field surveys and inventories, training, and attending professional meetings. Include improvements of existing forest stands, whether they are planted, seeded, or natural including natural resources projects in direct support of the reimbursable forestry program. This includes controlling undesirable vegetative growth, prescribed burning, pre-commercial thinning, and pruning. Include the protection of reimbursable forests from insect, disease, animal, flood, and erosion damage. Include the sale and preparation for sale of forest products. Include appraising, cruising, marking, scaling, preparing sales contracts, escorting prospective bidders, advertising, sales administration, and contract compliance inspections. Includes equipment costing less than the Capital Expenditure Limit.

(7) Forest Access Roads. Include construction, repair, and maintenance of reimbursable forest access roads and trails. Include the repair of other roads resulting

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from the production and harvest operations. Includes equipment costing less than the Capital Expenditure Limit.

(8) Reforestation. Include natural or artificial regeneration, including planting, purchasing of seeds or seedlings, and preparing sites. Includes equipment costing less than the Capital Expenditure Limit.

(9) Forestry Support. Include Phase I archaeological surveys, T&E species surveys, and military mission coordination efforts driven only by forestry activities (e.g. planting and harvesting).

ARMY QUARTERLY FOREST PRODUCTS REPORT

COE District: _____ *

Date: _____

Installation: _____ **

Fiscal Year (FY): _____

	Installation	COE District
(A) Planned Revenue this FY	\$ _____	\$ _____
(B) Planned Obligations this FY	\$ _____	\$ _____
(C) Cumulative Actual Revenue this FY	\$ _____	\$ _____
(D) Cumulative Actual Obligations this FY	\$ _____	\$ _____
(E) Net Proceeds this FY (Line C minus line D)	\$ _____	\$ _____
(F) Current Estimate of States Entitlements this FY	\$ _____	\$ _____
(G) Current Unfunded Needs for this FY (describe below)	\$ _____	\$ _____
(H) Transfers to 21X5285 (Line E minus lines F and G)	\$ _____	\$ _____

Describe Unfunded Needs here: _____

* COE Districts are to report expenses and income (anticipated/actual) related to timber disposal on Army installations (do not include Civil Works projects).

** Army installations are to report forest management expenses and income (anticipated/actual) from local forest products sales (do not include COE sales).