Highest and Best Use Study of the Babbitt and Schweer Properties in Hawthorne, Nevada

Prepared by the Center for Economic Development University of Nevada, Reno for the Board of Mineral County Commissioners
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Part 1 Introduction

1.0 Highest and Best "Re"-Use: Definitions

The purpose of this report is to provide "information as to highest and best use for business/industrial/housing/recreation opportunities for the Babbitt and Schweer properties" as provided in a May 1996 letter agreement between Mineral County and the Center for Economic Development at UNR.

1.1 Private Sector/Real Estate Definition

Highest and best use is usually a real estate term traditionally defined as:

...the use or utilization of real property that provides the most profitable return on investment. It is that use, selected from reasonably probable and legal alternative uses, which are found to be physically possible, appropriately supported and financially feasible to result in the highest possible land value... The optimum use of a site as used in appraisal.

1.2 A Proposed Study Definition

For this study, highest and best "reuse" shall mean the use or utilization of real property conveyed to Mineral County by the Army which will generate the highest possible land value which, in public sector terms, means reuses which generate the highest possible development potential. This study takes the approach that highest and best reuse scenarios should also consider reuses which also implement community and economic development strategies such as job creation, new private investment, expansion of the tax base, economic diversification, generation of housing which meets local market gaps, etc.

1.3 Key Development Questions

- Can reuse offset and/or even leverage a turn-around in the historical and forecasted negative population growth trends for Mineral County?

- Can reuse meet the socio-economic needs and opportunities of existing local market segments?

- Can reuse scenarios be adopted to complement and not compete with the downtown commercial district?
• Can reuse scenarios complement and not disrupt the existing housing market?

• Can reuse support the development of commercial property which could reduce retail leakage to the Reno/Carson City/Fallon area? Is there a way to promote Hawthorne as a regional trade center for northern Nye and Esmeralda Counties?

• How can commercial development be targeted to draw on the almost 1 million vehicles which pass Babbitt annually on US 95 which are estimated to be “through-traffic”? How can the appropriate commercial mix be used to get through-traffic to stop in Hawthorne and especially those vehicles using the US 95 by-pass?

• Is there a way to tie Mineral County’s wealth of minerals into local manufacturing inputs?

• How can the recyclables from the demil program at HWAD be leveraged to recruit resource recovery/material refining operations to Hawthorne or be leveraged as inputs and/or raw feed stock for local manufacturing?

• Are there opportunities to recruit mining technology R&D and services firms to Hawthorne?

• How can Hawthorne’s proximity to California, the 8th largest economy in the world, and its 21st century-positioned manufacturing base be leveraged to develop an enclave of small manufacturing suppliers?

• How should an occupant or occupants be recruited for the property? Who should do it? Issue an RFP for reuse proposals or head-hunt for targeted uses?

• Who should pay for property improvements?

• What reuses would be consistent with the desires of County residents?

• Lease the entire site in whole or in part? For how long? Who would the lease be with? The County? An intermediary?
- Does Hawthorne have the labor force and housing to support the recruitment of a 150-employee company for Babbitt?

- What is the appropriate role of Mineral County and the private sector in the redevelopment of Babbitt and Schweer? How should the redevelopment process be managed and financed?

1.4 Reuse Strategies

The following list of "highest and best reuse strategies" support an overall approach to the reuse of Babbitt and Schweer in relation to current and future industrial development at the airport industrial park and in relation to private activity within the commercial and residential areas of Hawthorne:

- Create new jobs and expand the tax base by supporting private sector reuse of conveyed HWAD property

- Diversify the local economy by supporting new HWAD missions and new 3rd-party work by the HWAD contractor

- Identify off-base initiatives to support a marketing focus for Hawthorne which emphasizes the advanced recycling and environmental technologies employed at HWAD

- Maximize opportunities for year-round uses of conveyed properties

- Maximize opportunities to attract new private investment

- Expand the supply of developed land for planned subdivisions to meet gaps in the Hawthorne housing market

- Provide incentives for private sector redevelopment that meets social and economic needs of the community and that accelerates the creation of new jobs and new private sector investment

2.0 Physical Description of Properties

2.1 Babbitt Housing Site

- Consists of 440 acres located between the Town of Hawthorne and the HWAD headquarters/industrial area.
- Contains 5,900 feet of prime highway frontage on US 95 which is the main artery between Reno and Las Vegas.
- Provided low income housing for as many 2,000 persons who were HWAD employees and family members.
- Includes: 1 well at 300-600 gpm capacity; 1 elevated water tank; and 1 surface water tank with 1 million gallon capacity.
- All structures have been removed from the site except for the bowling alley; Roads and underground water and sewer lines remain in-place.
- On May 31, 1995, the Board of Mineral County Commissioners declared the Babbitt site to be blighted pursuant to Chapter 279.388 of the Nevada Revised Statutes.

### 2.2 Schweir Drive Housing Area

- Located on 33.1 acres of land just north and west of the base headquarters on Black Beauty Road.
- The property contains 25 duplex structures built in 1969 and served as middle class housing for HWAD employees and their families.
- The site was last occupied in October 1989.
- The 25 duplexes contain 50 units with a total of 70,672 sf of dwelling floor space.
- All units are 1-floor and are of wood construction with car ports.

<table>
<thead>
<tr>
<th># of Duplexes</th>
<th># Structures</th>
<th># Units</th>
<th># Bedrooms</th>
<th>Per Unit Sq.Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25</td>
<td>50</td>
<td>130</td>
<td></td>
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<tr>
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<td>30</td>
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<td>#3-bedroom units</td>
<td>5</td>
<td>10</td>
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<td>1,466</td>
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<td>#4-bedroom units</td>
<td>5</td>
<td>10</td>
<td>40</td>
<td>1,640</td>
</tr>
</tbody>
</table>

- Water, sewer and electricity is provided by the base and is unmetered.
• A large central LP tank is located at Schweer and supplies the 25 duplexes through unmetered supply lines

• The Schweer site was vandalized in 1990 and since then all doors and windows have been boarded and the area fenced in 1994

• The lack of grounds maintenance and watering of landscaping and trees since 1989 has left the site in a blighted condition

3.0 Conveyance Background

3.1 Babbitt Housing Site

3.1.1 Authorizing Legislation

The conveyance of the Babbitt Housing Site from the U.S. Army to Hawthorne County was authorized by the 103rd Congress in P.L. 103-337 which was enacted on October 5, 1994. Senator Reid introduced the Babbitt land conveyance by an amendment to S.2182 National Defense Authorization Act for Fiscal Year 1995.

3.1.2 Authorizing Language

The authorizing language for the Babbitt Housing Site as contained in S.2182 National Defense Authorization Act for Fiscal Year 1995 is as follows:

SEC. 2837. LAND CONVEYANCE, HAWTHORNE ARMY AMMUNITION PLANT, MINERAL COUNTY, NEVADA.

(a) CONVEYANCE AUTHORIZED- The Secretary of the Army may convey, without consideration, to Mineral County, Nevada, all right, title, and interest of the United States in and to a parcel consisting of approximately 440 acres located at the Hawthorne Army Ammunition Plant, Mineral County, Nevada, and commonly referred to as the Babbitt Housing Site.

(b) DESCRIPTION OF PROPERTY- The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by Mineral County, Nevada.
(c) ADDITIONAL TERMS AND CONDITIONS: The Secretary may require such additional terms and conditions in connection with the conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.

3.1.3 Conveyance Issues

There are many outstanding issues which have the potential to affect "highest and best reuse" of the Babbitt site. The impact of these issues will remain unknown until the Environmental Assessment and the final conveyance documents are reviewed. Preliminary issues which Mineral County may want to review follow:

Conveyance Restrictions: it is unclear what restrictions the Secretary of the Army may place in the conveyance deed of the Babbitt property to Mineral County. There are certain standard restrictions that attach to all conveyances which will likely not affect any reasonable reuse of the site by Mineral County. It is likely that certain site-specific restrictions will be attached to the Babbitt site.

Utility Ownership: Transitioning utilities between military bases and local governments is always one of the more complex issues in reuse implementation. It seems likely that HWAD may retain ownership of parts or all of the existing water and sewer lines which connects the HWAD Industrial Area to the bowling alley, to the elementary school, and south to the 100,000 gallons water tank No.7. Retention of parts or all of these lines by HWAD would retain the existing looping of lines for overall system pressure and operational efficiencies. The following is an estimate of existing water and sewer lines now in service at Babbitt:

<table>
<thead>
<tr>
<th>Linear Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water lines (12&quot;, 10&quot; + 6&quot;)</td>
</tr>
<tr>
<td>Sewer lines (6&quot;)</td>
</tr>
</tbody>
</table>

It is also unknown as to what the disposition of the electrical services will be. It is understood that the Board of Mineral County Commissioners has established a task force which is focused upon assuring that, once the conveyance for Babbitt is finalized, utility service supporting the elementary school and the bowling alley will
be maintained with no interruptions of services. The coordination of this task force with HWAD will likely identify more detailed information as to the likely plans for HWAD transitioning and/or disposing all or part of the existing utility infrastructure as part of the conveyance action.

**Utility Rates:** If HWAD retains all or parts of the existing utility infrastructure then it is not premature to confirm the terms and conditions of utility service and utility rates with HWAD. The nature of these arrangements will have an impact of highest and best reuse scenarios for Babbitt.

**Environmental Issues:** The Environmental Assessment (EA) for Babbitt is expected to identify several areas of environmental remediation which are believed to at least involve lead-based paint, asbestos, PCBs from the electrical transformers, and the previous 10 acre landfill/burn site. It is assumed that these issues were known previously and will not represent a delay in conveyance. It is unknown as to if, and/or to what extent, HWAD will remediate any outstanding environmental issues identified in the EA and if any remediation actions will delay constructive reuse by Mineral County. It is also important to confirm if the Army will retain liability for any future environmental liabilities discovered at Babbitt.

### 3.2 Schwert Drive Housing Area

#### 3.2.1 Authorizing Legislation

As of August 11, 1997, the 105th Congress is in the final stages of authorizing the conveyance of the Schweer Drive Housing Area to Mineral County. S.936, "the National Defense Authorization Act for Fiscal Year 1998", contains the authorizing language for the Schweer conveyance. S. 936 has been passed by the Senate and the House version, H.1119, contains identical language regarding the Schweer conveyance.

#### 3.2.2 Authorizing Language

**SEC. 2813. LAND CONVEYANCE, HAWTHORNE ARMY AMMUNITION DEPOT, MINERAL COUNTY, NEVADA.**

(a) CONVEYANCE AUTHORIZED- The Secretary of the Army may convey, without consideration, to Mineral County, Nevada (in this
section referred to as the "County"), all right, title, and interest of the United States in and to a parcel of excess real property, including improvements thereon, consisting of approximately 33.1 acres located at Hawthorne Army Ammunition Depot, Mineral County, Nevada, and commonly referred to as the Schweer Drive Housing Area.

(b) CONDITIONS OF CONVEYANCE- The conveyance authorized by subsection (a) shall be subject to the following conditions:

(1) That the County accept the conveyed property subject to such easements and rights of way in favor of the United States as the Secretary considers appropriate.

(2) That the County, if the County sells any portion of the property conveyed under subsection (a) before the end of the 10-year period beginning on the date of enactment of this Act, pay to the United States an amount equal to the lesser of

(A) the amount of sale of the property sold; or

(B) the fair market value of the property sold as determined without taking into account any improvements to such property by the County.

(c) DESCRIPTION OF PROPERTY- The exact acreage and legal description of the real property to be conveyed under subsection (a), and of any easement or right of way granted under subsection (b)(1), shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the County.

(d) ADDITIONAL TERMS AND CONDITIONS- The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a), and any easement or right of way granted under subsection (b)(1), as the Secretary considers appropriate to protect the interests of the United States.

3.2.3 Conveyance Issues

There are several outstanding issues which have the potential to affect the "highest and best reuse" of the Schweer site.
Conveyance Restrictions: It is unclear what restrictions the Secretary of the Army may place in the conveyance deed of the Babbitt property to Mineral County. There are certain standard restrictions that attach to all conveyances which will likely not affect any reasonable reuse of the site by Mineral County. It is likely that certain site-specific restrictions will be attached to the Babbitt site.

Utility Ownership: Given the location of Schweer being several miles northwest of the Town of Hawthorne, it is not likely that Schweer would be annexed to the Town in the near future or that the municipal water and sewer services will provided. It is understood that the existing on-site water, sewer and electrical lines within the 33.1 acres of the Schweer site will be transferred and owned by Mineral County. HWAD will maintain ownership of the water, sewer and electric service lines which go to the Schweer property line. Water is supplied to Schweer from the Black Beauty Reservoir. It is likely that HWAD may in the near future repair by replacement the current 4.74 miles of 10" high pressure water line which runs from the Black Beauty Reservoir past Schweer to water tank No.5.

Utility Rates: For the foreseeable future, it is assumed that HWAD will continue to provide water, sewer and electrical service to the Schweer property line and that utility fees will be charged at comparable rates currently charged for non-military uses by the utility systems. It is not premature to confirm the terms and conditions of this on-going utility service and the utility rates with HWAD. The nature of these arrangements will have an impact of highest and best reuse scenarios for Schweer.

Environmental Issues: If no Environmental Assessment (EA) is prepared by the Army for Schweer, then Mineral County will have no technical environmental baseline document to measure any liabilities which the County may assume in the property conveyance. It is important to confirm if the Army will retain liability for any future environmental liabilities discovered at Schweer.

[End of Part 1]
Part 2 Market Context for Highest and Best Reuse

“Trends, like horses, are easier to ride in the direction they are already going” - Megatrends

1.0 External Factors

Various socio-economic and market-focused trends will impact reuse opportunities for Babbitt and Schweer. The economy of Mineral County is dependent upon the activity of its mining and service industries. These sectors provide the majority of export growth in the county and have significant local economic linkages. A more detailed analysis of the local economy is described in “Economic Linkages in the Economy of Mineral County”, Technical Report UCED 96/97-06, which was prepared and submitted to Mineral County in August 1997 by the Center for Economic Development. The future level of economic activity and stability in Mineral County remains uncertain because of Mineral County’s economy is vulnerable to external factors such as:

- Proposed reclassification of the Hawthorne Army Depot (HWAD) from Tier 1 to Tier 2 designation
- Possible closure of HWAD under a new round of defense downsizing that is being promoted by the Secretary of Defense
- A lower world gold price
- A depletion of mineral resources
- Changes in Federal land management policies

Other external trends impacting reuse scenarios are:

- Corporate Outsourcing
- Privatization of Army Depots
- Advanced Telecommunications
- Distributed Production
- Global Competition
- Export Trade
- “Just-In-Time” Delivery

2.0 Population Trends

Though there was modest population growth from 1990 to 1996, Mineral County’s negative annual population growth over the past 25 years is forecasted to continue over the next 15 to 20 years. The mid-range population forecast by
the Nevada State Demographer for 2015 is 5,780 which is less than the county's population during the 1950's and a 10% decline from 1990.

2.1 Negative Historical Growth Rates: 1969-1994

- During the 25 year period of 1969 to 1994, Mineral County ranked last among Nevada's seventeen counties in average annual percentage growth while it ranked second highest in population instability.

- During this 25 year period, Mineral County experienced a negative average annual population growth rate of -0.38%.

2.2 Positive Growth Rates: 1990-1996

- There was .86% annual average population growth in Mineral County from the 1990 Census figures to estimates for 1996.

- The population grew from 6,475 in 1990 to 6,810 in 1996 which is a 5% growth rate over the 6 year period.

2.3 Negative Long Range Growth Forecasts: 1990-2015

- In a July 1997 report, the Nevada State Demographer forecasts a -10.67% population decline for Mineral County from a 1990 count of 6,475 to a 2015 estimate of 5,780. These forecasts go on to estimate a .27% long range growth rate from 1990 to 2000 followed by a -7% decline from 2000 to 2010.

- The State Demographer's forecasts are based upon various employment scenarios which generate low, middle and high population estimates. The annual range from low to high is from 506 in 1997 to almost 3,000 in 2015.

- The "low" population estimate is based upon:
  - The ammunition plant scaling back operations
  - Candaieria mine closes, losing 100 jobs
  - Rawhide mine closes, 150 commuters lose jobs

- The "middle" population estimate is based upon:
  - No unexpected jobs are added
  - Current stable trends continue
  - Natural gas distribution adds jobs
• The "high" population estimate is based upon:
  • The ammunition plant unexpectedly adds 100 jobs and contracts increase
  • An unnamed mine located on the west side of Walker Lake adds 100 employees
  • The Rawhide/Denton Mine pulls commuters from neighboring counties
  • Walker Lake maintains its recreational employment

2.4 Population Counts and Forecasts: 1930-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Official Counts &amp; Low Estimates</th>
<th>Middle Range</th>
<th>High Range</th>
<th>Low to High Range</th>
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<tbody>
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<td>1960</td>
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<td>5,780</td>
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3.0 Population Market Segments

Reuse scenarios for Babbitt and Schweer need to be considered in context with opportunities to meet social, economic and housing needs which vary among the market segments of Hawthorne's existing population base.

The Center for Economic Development maintains annual updates to county- and zip code-level demographic and consumer data on market segments which are compiled by CACI Marketing Systems, an internationally-recognized information
technology firm. CACI has created a powerful proprietary market segmentation system -- ACORN -- "A Classification Of Residential Neighborhoods". CACI releases annual and 5-year projections of key population and income variables which provides the most accurate demographic information for population, households, families, income, race, age, and spending potential for various products. The ACORN system identifies over 226,000 neighborhoods, or census block groups, by one of 43 market segments, 40 residential markets and 3 nonresidential groups. Each neighborhood is profiled by 61 characteristics of consumer behavior--such as income, home value, occupation, education, household type, age—and then sorted into one of 43 market types. The following market segment data and characteristics is from the recently released 1997 update. The Hawthorne data is for the 89415 Hawthorne zip code area.

3.1 Hawthorne's Market Segment Shares: 1997

(1) By Population

Hawthorne has a relatively well balanced mix of market segment types with “Young Frequent Movers” comprising 21% of the population.

<table>
<thead>
<tr>
<th>Hawthorne Population: 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Estimate of Hawthorne Zip 89415</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Young Frequent Movers</td>
</tr>
<tr>
<td>Older Settled Married Couples</td>
</tr>
<tr>
<td>Baby Boomers With Children</td>
</tr>
<tr>
<td>Low Income Young &amp; Old</td>
</tr>
<tr>
<td>Senior Sun Seekers</td>
</tr>
<tr>
<td>Heartland Community</td>
</tr>
<tr>
<td>Rustbelt Neighborhood</td>
</tr>
<tr>
<td>Newly Formed Households</td>
</tr>
</tbody>
</table>
(2) **By Households**

Hawthorne Households: 1997

<table>
<thead>
<tr>
<th>Total</th>
<th>1,784</th>
<th>21.7%</th>
<th>21.7%</th>
<th>81%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young Frequent Movers</td>
<td>388</td>
<td>14.6%</td>
<td>36.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Older Settled Married Couples</td>
<td>260</td>
<td>13.2%</td>
<td>49.6%</td>
<td>74%</td>
</tr>
<tr>
<td>Senior Sun Seekers</td>
<td>255</td>
<td>11.6%</td>
<td>61.0%</td>
<td>90%</td>
</tr>
<tr>
<td>Baby Boomers With Children</td>
<td>205</td>
<td>8.9%</td>
<td>91.7%</td>
<td>74%</td>
</tr>
<tr>
<td>Rustbelt Neighborhood</td>
<td>201</td>
<td>8.3%</td>
<td>100.0%</td>
<td>73%</td>
</tr>
<tr>
<td>Heartland Community</td>
<td>188</td>
<td>7.0%</td>
<td>100.0%</td>
<td>73%</td>
</tr>
<tr>
<td>Low Income Young &amp; Old</td>
<td>158</td>
<td>4.3%</td>
<td>100.0%</td>
<td>73%</td>
</tr>
<tr>
<td>Newly Formed Households</td>
<td>148</td>
<td>3.3%</td>
<td>100.0%</td>
<td>73%</td>
</tr>
</tbody>
</table>

(3) **By Household Size**

<table>
<thead>
<tr>
<th>Household Size</th>
<th>3.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Young &amp; Old</td>
<td>3.1</td>
</tr>
<tr>
<td>Baby Boomers With Children</td>
<td>3.0</td>
</tr>
<tr>
<td>Older Settled Married Couples</td>
<td>2.6</td>
</tr>
<tr>
<td>Young Frequent Movers</td>
<td>2.6</td>
</tr>
<tr>
<td>Heartland Community</td>
<td>2.5</td>
</tr>
<tr>
<td>Newly Formed Households</td>
<td>2.2</td>
</tr>
<tr>
<td>Rustbelt Neighborhood</td>
<td>2.2</td>
</tr>
</tbody>
</table>

3.2 **Hawthorne’s Market Segment Types**

Hawthorne has a well balanced and diversified mix of market segment types and contains 8 of the 40 residential market segments tracked by CACI. More than half of Hawthorne's households are “Young Frequent Movers”, “Older Settled Married Couples” or “Senior Sun Seekers”. The following is a general profile of each of these 8 market segments:
(1) **Young Frequent Movers**

**Summary:**

21.7% of Hawthorne's households is identified as "Young Frequent Movers" which is high compared to the Nevada average at 8.9% but low compared to non-metro Nevada where the average figure is 33%. It is assumed that the transient nature of mining migrations account for the large "Young Frequent Mover" figures in non-metro areas. In Mineral County, 3 out of 4 "Young Frequent Mover" households are located in Hawthorne.

Compared to other rural Nevada communities, Hawthorne's lower percent of "Young Frequent Movers" represents more stability and is much less than the figures for Schurz and Luning:

**Percentages of Households of "Young Frequent Movers"**

<table>
<thead>
<tr>
<th>Town</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eureka</td>
<td>97.2%</td>
</tr>
<tr>
<td>Carlin</td>
<td>93.4%</td>
</tr>
<tr>
<td>Fernley</td>
<td>88.9%</td>
</tr>
<tr>
<td>Winnemucca</td>
<td>58.4%</td>
</tr>
<tr>
<td>Tonopah</td>
<td>50.7%</td>
</tr>
<tr>
<td>Lovelock</td>
<td>42.6%</td>
</tr>
<tr>
<td>Luning (89420)</td>
<td>35.1%</td>
</tr>
<tr>
<td>Elko</td>
<td>31.6%</td>
</tr>
<tr>
<td>Schurz (89427)</td>
<td>29.9%</td>
</tr>
<tr>
<td>Ely</td>
<td>26.7%</td>
</tr>
<tr>
<td>Fallon</td>
<td>24.5%</td>
</tr>
<tr>
<td>Hawthorne</td>
<td>21.7%</td>
</tr>
<tr>
<td>Yerington</td>
<td>0%</td>
</tr>
</tbody>
</table>

**CAIC Description:**
Young Frequent Movers are young families with a country style and a bit of wanderlust. Typical of their youth, this population is mobile, including their homes.

**Lifestyle:**
As young families, Young Frequent Movers are more likely to have loans than investments or savings. Most are personal or auto loans, for pickups, four-wheel drive vehicles--and motorcycles. Most households have two or more vehicles. Their purchases portray their family life: "heavy" grocery expenditures, baby products, children's
apparel, and electronic games. This is also the second-ranked market for pet ownership.

**Demographic:**
Young families are the majority in this market. Children make up 30 percent of the population. The population is 85 percent Anglo (white, non-Hispanic), but also includes black, American Indian, and Hispanic families. Characteristic of their youth, this population tends to move frequently.

**Socioeconomic:**
Young Frequent Movers include almost three percent of the U.S. population and a 2.6 percent share of disposable income. These families earn low to moderate incomes. Median household income is $26,600. Labor force participation is above average; most of the workers are employed in skilled or unskilled blue collar jobs in farming, manufacturing, mining or construction. Unemployment and poverty rates are comparable to national averages.

**Residential:**
Mobile homes outnumber single-family houses in these neighborhoods. Over 45 percent of the housing stock are mobile homes (six times the national average). The majority of homes are newer, owner-occupied, and valued below average, $81,000.

**Location:**
Most of the Young Frequent Movers are located in nonfarm rural areas. Only 35 percent of the population live in towns. Half are in the South, although the states with the highest concentrations of Young Frequent Movers are Western: Nevada, New Mexico, and Wyoming.

(2) **Older Settled Married Couples**

**Summary:**
At 14.6%, "Older Settled Married Couples" represent the second largest share of Hawthorne’s households. Hawthorne’s figure for this stable market segment is almost 4 times higher than the Nevada average of 3% figure and clearly separates Hawthorne from other non-metro Nevada communities which had less than 1% (0.36%) of its households comprised by “Older Settled Married Couples”. Interestingly, all Mineral County households representing this segment are located in Hawthorne.
CACI Description:
Older Settled Married Couples are residents of established suburban neighborhoods. Residents are middle-aged and middle-income.

Lifestyle:
The market is upscale and domestic. They vote, but do not participate actively in civic groups. Memberships in religious clubs are popular. Leisure activities include bird watching, bowling, golf, and domestic vacations. Spending is home-oriented: improvements and furnishings. They read newspapers, business/finance and senior magazines.

Demographic:
Older Settled Married Couples are middle-aged and settled into their neighborhoods and surroundings. Many households include school-age or adult children, but the age profile is slightly older than the U.S. average.

Socioeconomic:
The income distribution reflects a degree of comfort earned by working couples aged 45-64 years. Almost a third earn $50,000 or more: median household income is $38,500. These couples emphasize savings over investments. Almost 20 percent of the households are drawing retirement income.

Residential:
Older Settled Married Couple neighborhoods are older, single-family homes—owner occupied with an average value of $94,000.

Location:
The distribution of these neighborhoods is national, with higher concentrations evident in the Midwestern states of Michigan, Illinois and Ohio.

(3) Senior Sun Seekers

Summary:
At 13.2%, "Senior Sun Seekers" represents the third largest market segment of Hawthorne households. Less than 1% separates this group from the second largest segment— "Older Settled Married Couples". As a percentage share, Hawthorne has more "Senior Sun Seeker" households than Florida and Arizona neighborhoods which
average 12% of households represented by this segment.

Percentages of Households of “Senior Sun Seekers”

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pahrump</td>
<td>99%</td>
</tr>
<tr>
<td>Silver Springs</td>
<td>98%</td>
</tr>
<tr>
<td>Virginia City</td>
<td>27%</td>
</tr>
<tr>
<td>Luning (89420)</td>
<td>26%</td>
</tr>
<tr>
<td>Yerington</td>
<td>18%</td>
</tr>
<tr>
<td>Schurz</td>
<td>13%</td>
</tr>
<tr>
<td>Hawthorne</td>
<td>13%</td>
</tr>
<tr>
<td>Fallon</td>
<td>11%</td>
</tr>
<tr>
<td>Ely</td>
<td>5%</td>
</tr>
</tbody>
</table>

CAC! Description:
Senior Sun Seekers are retired and have moved South. Mobile down to their homes, these consumers have sought the warmth of Sunbelt states and the companionship of other retirees.

Lifestyle:
Senior Sun Seekers have income and time at their disposal, and they spend it golfing, reading, traveling (foreign and domestic), and socializing—playing games, dining out or cooking and entertaining. They have credit cards, but use them sparingly. Although homeowners, they do not spend a lot on furnishings or home projects, except crafts and hobbies. Aside from their leisure pursuits, expenditures include a car, usually a standard-size or luxury model, and mail ordered shoes and clothing.

Demographic:
The oldest segment of the Retirement Styles group, more than half of the householders are over 65. Most of the households are married couples and recent retirees, although there are also a number of single-person households.

Socioeconomic:
Although most Senior Sun Seekers households earn less than $25,000 annually, most of their income is disposable. Their primary sources of income are Social Security, interest, dividends and pensions. This is one of the top-ranked markets for investments and savings. It is also one of the top markets for lottery tickets.
Residential:
Mobile and single-family homes account for most of the housing of Senior Sun Seekers. They own homes in newer areas, with an average home value of $90,000. Neighborhoods also include seasonal housing for visiting snowbirds, plus congregate housing and nursing homes.

Location:
Almost 90 percent are in the South or West, including about 12 percent of Florida and Arizona neighborhoods.

(4) Baby Boomers With Children

Summary:
At 11.5%, Hawthorne has a much higher share of “Baby Boomers with Children” households than the Nevada average of 7.3% and is almost twice as high as the non-metro state figure of 6%.

Percentages of Households of “Baby Boomers with Children”

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carson City (89705)</td>
<td>46%</td>
</tr>
<tr>
<td>Gardnerville</td>
<td>30%</td>
</tr>
<tr>
<td>Minden</td>
<td>29%</td>
</tr>
<tr>
<td>Henderson (89012)</td>
<td>14%</td>
</tr>
<tr>
<td>Hawthorne</td>
<td>12%</td>
</tr>
<tr>
<td>Luning (89420)</td>
<td>11%</td>
</tr>
<tr>
<td>Ely</td>
<td>6%</td>
</tr>
<tr>
<td>Winnemucca</td>
<td>5%</td>
</tr>
</tbody>
</table>

CACI Description:
Baby Boomers with Children make up a homogeneous consumer type who spend their time and money on home and family oriented activities and goods.

Lifestyle:
This group represents family and home oriented consumerism. There is little time for civic activities, except writing opinions. Leisure time includes home projects, crafts, and hobbies; entertainment includes bowling, video rentals, picnics and barbecues. Fast food is also popular. They own pets and spend their money on vehicles, minivans or pick-ups, home furnishings and improvements, children’s apparel and toys, and video equipment, cameras, and camcorders.
Demographic:
Two thirds of the Baby Boomers with Children households are married couples; most have children at a proportion 50 percent higher than the national average. Over a third of this population is under the age of 20; 58 percent of the householders are between the ages of 25 and 44 years. Typical of this consumer type, many are migrants and are still moving to find the best jobs or location.

Socioeconomic:
Like the Younger Baby Boomers, Baby Boomers with Children have very high labor force participation rates, including a high proportion of families with two workers. However, they are not as affluent; median household income is $37,100. Postsecondary schooling is evident, but this group is less likely to have completed a four-year degree.

Residential:
Single-family homes built during the 1970s are typical. Most homes are owner-occupied and valued at $89,500, about 20 percent below the U.S. average.

Location:
Neighborhoods are found within the urbanized fringe of metropolitan areas—in smaller towns and in rural nonfarm communities. Western states, especially Utah and Alaska, are prominent in the distribution of Baby Boomers with Children, harking back to westward migration of Baby Boomers in the 1970s.

(5) Rustbelt Neighborhood

Summary:
At 11.3%, "Rustbelt Neighborhood"-type households comprise about the same percentage of Hawthorne households as do "Baby Boomers with Children". More than 33% of these types of households in Nevada are located in Mineral County. The only zip code sharing this household segment is 89015 in Henderson.

CACI Description:
Rustbelt Neighborhoods are an older population who generally reside in the older, industrialized cities and towns of the Northeast and Midwest. Although some of the industries in these old cities have long since gone, the residents remain.
Lifestyle:
Rustbelt Neighborhoods spend money on their homes, and their home teams: home improvements, tools, furniture, and tickets to professional sporting events. Civic pride extends to volunteering and belonging to veteran’s clubs and fraternal orders. Other non-essential budget items include vitamins and lottery tickets.

Demographic:
The Rustbelt Neighborhood population is stable, but aging. Younger householders are leaving the areas and older residents remain. The median age is 37 years despite the concentration of householders over 55. The households are also typical of an older population: married couples, some with adult children still at home, and single-person households.

Socioeconomic:
The economic vitality of these industrialized areas has waned. Almost 40 percent of the population have retired. Labor force participation is below average. The remaining jobs are mainly blue collar, skilled, unskilled, and service occupations. Manufacturing remains the chief industry. Wages and Social Security yield a median household income of $25,100.

Residential:
Rustbelt Neighborhood homesteads are located on older, urban streets in metropolitan cities and smaller towns. Most of the homes are owner-occupied, single-family houses, but town-and rowhouses or duplexes are also common. Average value is low, $59,000.

Location:
These communities can generally be found in urban areas throughout the United States, although they are concentrated in the Northeast and Midwest, or states like Ohio, Pennsylvania and West Virginia.

(6) Heartland Community

Summary:
At 10.5%, “Heartland Community”-type households comprise almost the same percentage of Hawthorne households as do “Baby Boomers with Children” and “Rustbelt Neighborhoods”. Hawthorne far outpaces the rest of Nevada at 0.7% and non-metro Nevada at 4% in the percentage of “Heartland Communities” households.
CACI Description:
Heartland Communities are small towns and communities that dot the interior of the country. Their citizens are older, lifelong residents; their children have moved away.

Lifestyle:
Heartland Communities are civic-minded consumers, active in their communities through fund raising, attending local school games, and participating in civic and religious clubs. Their leisure includes adult education, crafts and hobbies, plus wilderness sports, hunting and fishing. Expenses for all but the smallest home improvements are average; however, this is a good mail-order market for clothing and shoes.

Demographic:
Heartland Communities are older with half the householders over 55. There are few younger householders or children in this market. As the population ages, the dependency ratio of young (less than 15 years) and old (greater than 65 years) to the working age (15-64 years) population is increasing. Households are still predominantly families, but married couples with no children at home and singles are increasingly common in Heartland Communities.

Socioeconomic:
Median household income is $19,400. Labor force participation is low, especially for women, less than 40 percent. It is due, in part, to retirement. Over 40 percent of the households are receiving Social Security income. Lack of opportunity contributes to lower participation, too. One-third of adults have not completed high school. Half are employed part-time. However, wages and salaries are not the only source of income. About 16 percent are self-employed in farming or other business. Heartland Communities are active financially, with investments, savings and loans.

Residential:
Homes are older, single-family and owner-occupied for the most part. Single-family houses account for almost 75 percent of the housing. Almost 70 percent are owner-occupied; over 10 percent of the housing is vacant. Average home value is less than $50,000--60 percent lower than the national average.
Location:
These neighborhoods are located in rural communities and towns outside metropolitan areas. Although scattered throughout the United States, Heartland Communities are concentrated in Midwestern and Southern states: Arkansas, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nevada, North Dakota, Oklahoma, South Dakota, and West Virginia.

(7) Low Income Young & Old

Summary:
At 8.9%, Hawthorne has a significantly larger share of “Low Income Young and Old”-type households than Nevada at 0.4% and non-metro Nevada at .94%.

CACI Description:
The Low Income: Young & Old consumer type incorporates the extremes of the age distribution, the very young and the elderly. This is reflected in their lifestyles.

Lifestyle:
The Low Income: Young and Old lifestyle is both young and old. Their pastimes are dancing, nightclubs, hunting, fishing and bowling. They own pets and buy baby products. Their expenses extend to low-end home repairs and footwear. Media preferences include television, with video rentals, and women's magazines.

Demographic:
Low Income: Young & Old neighborhoods encompass the very young and the old, who are supported by a relatively young working age population. Almost half of the households are single-parent or single-person. The median age, 30 years, represents the gap between householders under 25 and over 75 years. These neighborhoods are also racially diverse.

Socioeconomic:
Median household income is $16,100. Almost 70 percent of these households earn less than $25,000. They have rates of unemployment and poverty that are twice the national averages. Labor force participation is below average. Thirty percent of the households receive Social Security, and 20 percent receive public assistance.
Residential:
Most of the housing is older, built before 1950. Vacancy rates are high, over 10 percent, and home value is low, $44,000. Single-family units, duplexes and quads account for most of the housing in these neighborhoods. Half are renter-occupied.

Location:
These neighborhoods are urban, located within metropolitan areas and smaller cities throughout the country, with the highest concentration in the Midwest.

(8) Newly Formed Households

Summary:
At 8.3%, "Newly Formed Households" comprise about the same percentage of Hawthorne households as do the "Low Income Young and Old" segment. Hawthorne has more of these types of households than Nevada at 3% and non-metro Nevada at 6%.

CACI Description:
Newly Formed Households offer affordable housing that attracts young householders. This is a moderate income market that features an active lifestyle.

Lifestyle:
Newly Formed Households are physically active—in bowling, wilderness sports and winter sports. Most are one-car households, but they are as likely to own a motorcycle as a hatchback. They belong to veteran's clubs, visit museums and zoos, and enjoy crafts and hobbies. Spending is home-oriented: on furnishings and improvements. Media preferences reflect the young and old households in this market: radio for the young and two or more daily newspapers for the old.

Demographic:
Young, Newly Formed Households are characteristic of this market; however, the neighborhoods are in transition and include older households, too. The mix of household types represents young families and single parents plus married-without-children and single-person households that are typical of young and old alike.
Socioeconomic:
This is a large, moderate income market: over five percent of all U.S. households, earning 4.5 percent of U.S. disposable income. Median household income is $26,600. Unemployment and poverty are low. Half of the work force is employed in the manufacturing and service industries.

Residential:
Newly Formed Households are in neighborhoods which offer affordable housing: older, single-family homes, and duplexes. Average home value is $67,700, 40 percent below the national average, and average rent is $430, 12 percent below average.

4.0 Industry Linkages

4.1 Final Demand Multipliers

Final Demand Multipliers are the total of interindustry (direct, indirect and induced) effects per $1 change in sales to final demand. If the final demand multiplier for a given industry is 2.5524, then for every $1 increase in sales to final demand by a given sector, the total county economy would increase by $2.55.

Ranking of Final Demand Multipliers for Mineral County

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Final Demand Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Livestock</td>
<td>2.5524</td>
</tr>
<tr>
<td>2 Health</td>
<td>2.4519</td>
</tr>
<tr>
<td>3 Local Government</td>
<td>2.4510</td>
</tr>
<tr>
<td>4 Services</td>
<td>2.4087</td>
</tr>
<tr>
<td>5 Hotel, Gaming, Recreation</td>
<td>2.1091</td>
</tr>
<tr>
<td>6 Trade</td>
<td>2.0757</td>
</tr>
<tr>
<td>7 Alfalfa Hay</td>
<td>2.0194</td>
</tr>
<tr>
<td>8 Other Hay</td>
<td>1.9078</td>
</tr>
<tr>
<td>9 Transportation, Communication</td>
<td>1.9002</td>
</tr>
<tr>
<td>10 Construction</td>
<td>1.8420</td>
</tr>
<tr>
<td>11 Gold Mining</td>
<td>1.7866</td>
</tr>
<tr>
<td>12 Eating, Drinking, Lodging</td>
<td>1.7772</td>
</tr>
<tr>
<td>13 Other Mining</td>
<td>1.7759</td>
</tr>
<tr>
<td>14 Manufacturing</td>
<td>1.6504</td>
</tr>
<tr>
<td>15 Utilities</td>
<td>1.5194</td>
</tr>
<tr>
<td>16 Finance, Insurance, Real Estate</td>
<td>1.4088</td>
</tr>
</tbody>
</table>
4.2 Employment Multipliers

Employment Multipliers indicate the number of jobs increased in Mineral County when a given sector increases employment by 1 employee. If the employment multiplier is 2.2807 for a given sector, then total employment in the county increases by 2.2807 for every 1 job increase in a given sector.

Ranking of Employment Multipliers for Mineral County

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Employment Multipliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Gold Mining</td>
<td>2.4765</td>
</tr>
<tr>
<td>2 Other Mining</td>
<td>2.3509</td>
</tr>
<tr>
<td>3 Livestock</td>
<td>2.2807</td>
</tr>
<tr>
<td>4 Utilities</td>
<td>2.0110</td>
</tr>
<tr>
<td>5 Local Government</td>
<td>1.9697</td>
</tr>
<tr>
<td>6 Alfalfa Hay</td>
<td>1.6961</td>
</tr>
<tr>
<td>7 Construction</td>
<td>1.7613</td>
</tr>
<tr>
<td>8 Other Hay</td>
<td>1.7190</td>
</tr>
<tr>
<td>9 Hotel, Gaming, Recreation</td>
<td>1.6591</td>
</tr>
<tr>
<td>10 Finance, Insurance, Real Estate</td>
<td>1.4937</td>
</tr>
<tr>
<td>11 Eating, Drinking, Lodging</td>
<td>1.4399</td>
</tr>
<tr>
<td>12 Manufacturing</td>
<td>1.4325</td>
</tr>
<tr>
<td>13 Health</td>
<td>1.4199</td>
</tr>
<tr>
<td>14 Services</td>
<td>1.4129</td>
</tr>
<tr>
<td>15 Trade</td>
<td>1.3686</td>
</tr>
<tr>
<td>16 Transportation, Communication</td>
<td>1.2001</td>
</tr>
</tbody>
</table>

4.3 Income Multipliers

Income Multipliers indicate the amount that household income in Mineral County increases when a sector increases by $1. If the income multiplier is $2.0297 for a given sector, then the county household income would increase by $2.03 for every $1 increase in the given sector’s household income.
Ranking of Income Multipliers for Mineral County

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Livestock</td>
<td>2.0297</td>
</tr>
<tr>
<td>2 Local Government</td>
<td>1.7224</td>
</tr>
<tr>
<td>3 Construction</td>
<td>1.7092</td>
</tr>
<tr>
<td>4 Alfalfa Hay</td>
<td>1.6726</td>
</tr>
<tr>
<td>5 Finance, insurance, Real Estate</td>
<td>1.5680</td>
</tr>
<tr>
<td>6 Hotel, Gaming, Recreation</td>
<td>1.5450</td>
</tr>
<tr>
<td>7 Other Hay</td>
<td>1.5305</td>
</tr>
<tr>
<td>8 Manufacturing</td>
<td>1.5215</td>
</tr>
<tr>
<td>9 Gold Mining</td>
<td>1.4990</td>
</tr>
<tr>
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<td>15 Health</td>
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<tr>
<td>16 Services</td>
<td>1.3609</td>
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</tbody>
</table>

5.0 Hawthorne Army Depot (HWAD)

As local officials are aware, previous defense-downsizing and the need for another round of base closures makes HWAD and Mineral County's economy extremely vulnerable.

5.1 Economic Impact

For more than 65 years the Mineral County economy has been dominated by the Hawthorne Army Depot (HWAD) and during 1996 some 27% of the county workforce was directly employed at the depot. Since 1930, HWAD has been the county's largest employer and was once the largest conventional ammunition depot in the free world. During World War II, HWAD was the nation's largest ordnance staging area with a peak employment of 5,625. During the Vietnam War, from 1961-1973, HWAD manufactured more ammunition than what all allies dropped on Germany during World War II. During Operation Desert Storm, HWAD shipped more than one-third of the ammunition used by U.S. forces.

5.2 Current Context: National Defense Panel

anticipates very different threats to the US by the year 2020.

The Panel calls for a comprehensive reshaping of the skills and capabilities of our armed forces, and urges that the process begin immediately. The report makes several recommendations as to how this transformation can be brought some which will have a direct impact upon HWAD:

(2) **Installation and Facility Consolidation**

The National Defense Panel recommends two additional Base Realignment and Closure Rounds (BRAC) to further reduce the cost of maintaining the defense infrastructure. The Department of Defense must minimize the number of surplus facilities and installations under its direct control.

While four previous base realignment and closure (BRAC) rounds have reduced installation capacity by twenty-one percent, base consolidation has not occurred as rapidly as the reduction of force structure, personnel, or workload. Recurring savings from previous closure rounds have averaged about $1.4 billion, with up-front investment costs (relocation, environmental clean-up, etc.) totaling about $4 billion per round.

As the Defense Reform Initiative stated, recent analyses indicate that there is sufficient surplus capacity for two additional BRAC rounds, equal to the average of the previous rounds. However, these calculations are based on the continuation of a service-oriented base structure that maintains extensive duplication across military departments. The Panel strongly endorses the conclusion that the move toward joint installations—such as the development of joint industrial activities, R&D facilities, or test ranges—would make possible further major consolidations of the defense infrastructure. This movement should be expanded to include joint operational bases (e.g., joint air bases), which we believe will result in the identification of even more over-capacity.

Recently, Congressional concerns regarding the integrity of the base-closure decision process have precluded further consolidation. The Panel strongly urges Congress and the Department to move quickly to restore the base realignment and closure (BRAC) process. The next round might be preceded by an independent, comprehensive inventory and evaluation of all
facilities and installations located in the continental United States. This review would provide the basis for a long-term installation master plan that aligns infrastructure assets with future military requirements, and provides a framework for investment and reuse strategies. This approach would depoliticize the base-closure issue to the extent possible and establish a common reference point for future closure decisions, thus enabling base closures earlier than the current 2001/2005 Department proposal.

(3) Depot Maintenance

Industrial and engineering support, the largest infrastructure category, includes the naval shipyards, maintenance depots, research laboratories and test ranges operated by the military departments. This category also includes the supply depots operated by the military departments and Defense Logistics Agency (DLA).

The National Defense Panel found that the Department of Defense is not an efficient or effective manager of industrial activities and should get out of this business to the extent possible. The Panel urges the Congress to provide legislation that removes statutory barriers to a greater private sector role in Defense depot maintenance. For example, the Panel recommended that the Department should continue to seek the revision of 10 U.S.C. 2464 and 10 U.S.C. 2466 to allow capable and reliable contractors to perform mission-essential depot maintenance work. Restrictions, such as the 50/50 requirement, should be removed because these mandates result in inefficient allocation of Defense maintenance resources. The Panel recommends that the Department of Defense should accelerate public vs. private competitions for existing systems, ensuring a level playing field for all bidders, and move to contractor logistics support for new systems. Some residual, organic depot capability should be retained to maintain legacy weapon systems, which the private sector can or will no longer support.

5.3 Ammunition Tiering Plan

Any new realignment of defense facilities will likely be based upon the implementation of an ammunition tiering plan by the U.S. Department of Defense. In 1996 DoD reduced the status of HWD by classifying it as a Tier 2 ammunition depot. Hawthorne receives, issues, stores, renovates,
inspects, tests, demilitarizes and disposes of conventional ammunition. The Western Area Demilitarization Facility located at HWAD is the premiere resource recovery and recycling center of conventional ammunition. HWAD has an ammunition surveillance program and, as a Tier II cadre site, maintains additional war reserve stocks.

With the end of the Cold War, the nation's need for a large conventional munitions stockpile decreased. A 1993 study recommended a smaller, safer, better quality stockpile with a reduced workforce and fewer storage installations. Since the major peacetime use of conventional ammunition is for training, the plan that resulted from the study divided the continental United States into east, central and west regions. Each region received a Tier I facility to reduce transportation costs for training ammunition. Due to the large number of military units in the eastern US, that region has two Tier I facilities. Factors considered in ranking the installations were: the capabilities to onload, inspect and test, ship, store, maintain and demilitarize ammunition; the costs of operations; and location relative to training sites and ports.

The Army has adopted the framework for an ammunition depot tiering plan to reduce infrastructure, eliminate static non-required ammunition stocks, decrease manpower requirements, increase efficiencies and permit the Army to manage a smaller stockpile. The tiered depot concept reduces the number of active storage sites and makes efficiencies possible. The tiering plan began to be implemented in 1996 and is expected to take six years. The 8 ammunition depots would be classified in three tiers:

(1) **Tier 1 - Active Core Depots**

Tier 1 facilities are fully-staffed and store ammunition for training and the first 30 days of War Reserve ammunition.

East - Blue Grass Army Depot, KY
Crane Army Ammunition Activity, IN
Central - McAlester Army Ammunition Plant, OK
West - Tooele Army Depot, UT

(2) **Tier 2 - Cadre Depots**

Tier 2 facilities store War Reserve ammunition to be used after the first 30 days. They are partially staffed in peacetime, but would
increase staffing when needed. These installations will have minimal staffs unless a contingency arises.

East - Anniston Army Depot, AL
       Letterkenny Army Depot, PA
Central - Red River Army Depot, TX
West - Hawthorne Army Depot, NV

Note: Anniston, Letterkenny and Red River operate as Tier 1 facilities for missiles.

(3) **Tier 3 - Caretaker Depots**

Tier 3 installations have minimal staffs and store stocks no longer required until demilitarized or relocated. The Army plans to eliminate stocks at these sites no later than year 2001.

East - Seneca Army Depot Activity, NY
Central - Savannah Army Depot Activity, IL
West - Sierra Army Depot, CA

6.0 **Manufacturing Opportunities: Proximity & Trends**

6.1 **Manufacturing: Nevada #1 in Employment Growth**

In terms of manufacturing employment growth, Reno is ranked #1 and Las Vegas is #2 as the fastest growing of some 310 metro areas in the United States. As published by Industry Week in its April 1997 issue, Reno increased manufacturing employment by 37%, and Las Vegas by 34%, over a 3-year period. In terms of overall manufacturing strength against 310 metro areas, Reno ranked #3 and Las Vegas #12.

Nevada's emerging world-class position as a manufacturing base is driven by firms producing products to support the "booming" construction and casinos of Las Vegas and Reno. This growth is driving construction-related manufacturing, food processing, food equipment, electronic gaming equipment, etc.

Reno and Las Vegas are becoming choice locations for companies that want to escape the high cost of doing business in California. (A recent Grant Thornton study indicates that the cost of doing business in Nevada was 33% lower than in southern California.) Nevada's 24-hour service economy attracts companies who want 24-hour-a-day/shift operations.
More than 500 U.S. and international companies have either a regional or national operations center in the Reno area; more than 100 companies in the region provide mining and mining-related services.

Manufacturers can ship products out of Nevada for 40% to 50% less in cost than transportation expenses in other areas because 70% of the trucks bringing goods into the state leave empty.

6.2 California’s 21st Century Economy

Mineral County shares a 55 mile border with the State of California which has a trillion-dollar economy making it the 7th largest economy in the world. California is the industrial powerhouse of the West, providing over 13 percent of the U.S. Gross Domestic Product and generating more goods and services than all of the other western states combined. California is the largest and most diverse state in the nation. With 35 million people, California is home to 12.2 percent of the U.S. population, more than any other state. The state has grown rapidly in recent years, its population increasing by 20 percent between 1986 and 1996.

In 1996, California businesses exported $104.5 billion in products, leading the nation in exports. California is a major center for foreign trade, handling three-fourths of goods shipped through West Coast ports and 40 percent of all U.S. trade with Asia.

Because of its size, the California has a diversified economy which is not based on any single industry. The more important manufacturing industries are technology-based, such as electronics and aerospace. Tourism is a significant source of jobs, and the film and entertainment industries are major forces in the state’s economy. California is the nation’s leading agricultural state, exporting produce all over the world and producing much of the nation’s supply of fruits and vegetables. However, many other enterprises, ranging from fashion design to oil refining, also contribute to California’s prosperity.

California has emerged from its worst recession in 60 years by reinventing its industrial base to off-set the post-cold war’s defense downsizing which significantly reduced military spending to defense contractors and closed 28 bases. California is considered to have a model 21st century economy with a strong position in all major growth industries over the next 25 years.
6.3 California Regional Clusters

(1) Sacramento Valley

While many of the firms have other locations outside the Sacramento region that are involved in manufacturing, research and development, design, and distribution, most of the manufacturers do perform research and development at their Sacramento region manufacturing site. The key to successfully getting the product to market the fastest is to have close collaboration between manufacturing and research and development. Most facilities perform both manufacturing and assembly work, with very few involved in assembly alone. Traditional manufacturing has been replaced with computer controlled machines that have made the area very competitive. Unlike many regions that have a strong concentration in manufacturing, the Sacramento region has grown rapidly in the past few years which has resulted in the latest equipment and manufacturing practices being incorporated into these new facilities. Many other regions are dealing with the capital costs of retrofitting older equipment to today's standards.

The manufacturing cluster has enjoyed tremendous growth in the Sacramento region in recent years and is within 230 miles of Hawthorne. Three industries sectors in particular have contributed to this growth: (1) food processing, (2) electronic components and (3) medical equipment manufacturing:

The food processing sector is comprised of the following: ice cream and frozen desserts; fluid milk; canned specialties; canned fruits and vegetables; dehydrated fruits, vegetables, and soups; pickles, sauces, and salad dressings; cereal breakfast foods; rice milling; bread, cake, and related products; cookies and crackers; beet sugar; salted and roasted nuts and seeds; animal and marine fats and oils; wines, brandy, and brandy spirits; bottled and canned soft drinks; and food preparations. The electronic components manufacturing sector is comprised of the following: computer terminals; switchgear and switchboard apparatus; vehicular lighting equipment; printed circuit boards; semiconductors and related devices; engine electrical equipment; electrical equipment and supplies; and space propulsion units and parts. Health-related manufacturing is concentrated in medical and dental equipment, supplies, and drugs.
(2) San Francisco Area

Electronic components and accessories, computer and office equipment, measuring and controlling devices, communications equipment, and guided missiles, space vehicles and parts, collectively, had a total payroll of almost $10.5 billion during 1994. Some manufacturing industries grew during the recession of the early 1990's including makers of communications equipment, medical instruments and supplies, motor vehicles and equipment, special industry machinery, and products using purchased glass.

(3) Southern California Region

Almost half of the jobs in California—49.3%—are found in Los Angeles and Orange Counties. The manufacturing sector is strongly based in high technology and is focused within five prime industries: aircraft and parts; search and navigation equipment; and electronic components and accessories; a large apparel cluster; and a large miscellaneous plastics products sector which provides a diverse array of inputs to the region's manufactures.

Approximately 38% of the state's information employment was found in Southern California. The largest number of jobs are found in the information hardware and transmission components of the cluster. However, the highest concentration of jobs is found in information systems management, and data processing. Almost half the state's employment in this field can be found in the Southern California region.

(4) San Diego

San Diego has a large concentration of industries that are among the leading export-oriented producers in the country. Over half of the industries with high concentrations in San Diego are in manufacturing. And among these, the industries are quite diverse, ranging from books and sporting goods to engines and turbines and communications equipment.

The telecommunications cluster is comprised of three components: equipment, telecommunications services, and engineering and research services. Of these, San Diego has a particular specialization in engineering and research services.
The health care products and services cluster contains several distinct components, including biotechnology; industrial and medical chemicals; biomedical instruments, equipment, and supplies; pharmaceuticals; and medical services.

6.4 Export Base Proximity

(1) Export Trends

Export growth is one of the major engines of the US’s long economic expansion. Exports of US goods have increased 24 percent from the fall of 1996 to the fall of 1997 which represents a surge that accounts for almost half of the overall growth in the US economy over that time period, say economists. If US trade is a street, then traffic is increasing. Exports and imports of goods and services accounted for a record 28.4 percent of gross domestic product (GDP) in the second quarter of 1997, according to US Commerce Department figures. Five years ago, the comparable figure was less than 21 percent.

(2) Small and Medium-Sized Exporters

Although exports are dominated by a few large companies, there are many active small and medium-sized exporters (those employing fewer than 500 workers). Almost 96 percent of all exporters are small or medium-sized companies. Companies with fewer than 20 employees accounted for roughly 59 percent of all exporters, but were responsible for only 11 percent of the known export value. Such companies make up about one third of exporting manufacturers, 75 percent of wholesalers, and 72 percent of "other companies."

(3) Nevada: A Fast-Growing Export Base

Nevada, and especially Reno, is a fast growing exporting base. From 1993 to 1996, Nevada’s exports grew from $503 million to $691 million, an increase of 37%. During this same period, exports from Reno increased twice as fast at 70% with a total of $315 million in 1996, up from $184 million in 1993.

(4) Proximity to Exporting Metro Areas

Hawthorne is within a 1-day “just-in-time” delivery schedule to more
than 35 metro areas that exported more than $115 billion in products in 1996.

**Exports by Key Product Clusters**

- Electric & Electronic Equipment: $24,804,332,700
- Industrial Machinery & Computers: $22,338,543,337
- Transportation Equipment: $10,459,973,091
- Scientific & Measuring Instruments: $6,307,227,364

### 6.5 Manufacturing Market Proximity

**1. Manufacturing Areas within 1-Day “Just-in-Time” Delivery**

Mineral County is located within 600 miles of, and an 8-10 hour, “just-in-time” delivery schedule to, 23 major metropolitan areas with “booming” manufacturing bases which are driving the thriving US and New West economy.

<table>
<thead>
<tr>
<th>Miles</th>
<th>City</th>
<th>State</th>
</tr>
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<tbody>
<tr>
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<tr>
<td>215</td>
<td>Chico-Paradise</td>
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</tr>
<tr>
<td>596</td>
<td>Phoenix-Mesa</td>
<td>AZ</td>
</tr>
</tbody>
</table>
(2) **Manufacturing Areas within 1-2 Day “Just-in-Time” Delivery**

Mineral County is located within 700-1000 miles of, and a 1-2 day “just-in-time” delivery schedule to, 7 more major metropolitan areas which are also world-class, high tech centers driving diverse and “booming” manufacturing bases.

<table>
<thead>
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<tr>
<td>Denver</td>
<td>CO</td>
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</tr>
</tbody>
</table>

6.6 **Manufacturing Industry Sectors by Functions**

Mineral County's proximity to all of the West's manufacturing centers creates significant opportunities to stimulate the development of a cluster of small to medium-sized manufacturing firms which could niche around one or several functional parts or subparts of the manufacturing industry such as: (1) design and prototyping; (2) manufacturers and distributors; (3) custom manufacturers; and/or (4) sales and logistics. Mineral County offers small and medium-sized suppliers of primary and secondary products proximity to large manufacturers and numerous channels of distribution.

(1) **Design and Prototyping**

Service firms providing design, product prototyping and testing services during the product design stage.

**Electronic/Software Design** - Board-level design for electronic products, including digital, analog and RF.

**Graphic/Multimedia Design** - Design for multimedia, including print, CD-ROM, and Web-based.

**Industrial/Mechanical Design** - Product design including mechanical and industrial.
Packaging Design - Design for product retail packaging and industrial use packaging.

PCB Layout and Design - Providers of printed circuit board layout and design services.

Prototype/Modelling - Service bureaus providing product modeling and rapid prototyping.

Testing Services - Service bureaus providing product testing for compliance, function, and safety

Manufacturers and Distributors of raw materials and components used in product manufacturing.

Adhesives & Sealants - Adhesive and Sealant materials used in product assembly.

Coatings - Coating materials including protective, conductive and cosmetic products.

Components - Electronic/Electrical - Active and Passive Electronic and Electrical Components.

Components - Mechanical - Mechanical and Electro-Mechanical Components.

Custom Die Cut Products - Products made through die-cut process, used for gasketing, EMI/RFI shielding, packaging, and labeling.

Labeling Products - Products used for labeling, including nameplates, logos and graphic overlays.

Packaging Products - Products used in retail and industrial product packaging.

Plastics - Resins - Manufacturers, compounders and distributors of Commodity, Engineering, Elastomeric and Thermoset resins.

Plastics - Film, Sheet & Shapes - Plastic materials in film, extruded sheet, or stock shape forms, including plastics and elastomers.
Shielding Products - Products used for EMI/RFI shielding, including metal stampings, coatings, components, assemblies, die cut products, and tapes.

(3) Custom manufacturers of components, enclosures, assemblies and finishing services.

Contract Assembly - Printed circuit board and electro-mechanical assembly services.

Enclosures - Manufacturers and Distributors of custom and stock electro-mechanical enclosure products.

Metal - Castings - Providers of custom die and investment casting services.

Metal - Sheet Metal Fabrication - Providers of custom sheet metal fabricated components and housings.

Metal - Stamping - Providers of stamped metal components and housings.

PCB Fabrication - Providers of printed circuit board fabrication services including PCB’s, flexcircuits, backplanes and PCMCIA.

Plastic Blow Molding - Providers of plastic blow molding services.

Plastic Extrusion - Providers of plastic and elastomer extrusion services for sheet, film, tubing and other shapes.

Plastic Injection Molding - Providers of plastic and elastomeric injection molding services.

Plastic Injection Mold Tooling - Manufacturers of molds for the injection molding industry.

Plastic Rotational Molding - Providers of plastic and elastomer rotational molding services.

Plastic Thermoforming - Providers of plastic thermoforming and vacuum forming services.

Printing Services
Shielding & Coating Application - Applicators of protective, conductive and cosmetic coatings.

(4) Sales and Logistics: Providers of services for the marketing, sales and distribution of products.

Direct Mail/Direct Response - Providers of direct mail services for marketing.

Transportation & Logistics - Providers of shipping, warehousing, distribution, and turnkey logistics services.

6.7 Consumer Market Proximity

Hawthorne is also within a 1 day “just-in-time” delivery radius to 35 million people with an effective buying income of $585 billion and within a 2-day delivery radius to 52 million people with an effective buying income of $848 billion. By the year 2010, Hawthorne will be mid-way between a population of some 2.4 million in Reno and Las Vegas. By the year 2020, California will have 50 million people and be larger than France.

6.8 Transportation

Hawthorne has access to significant transportation resources which can enhance the competitiveness of manufacturers locating at Babbitt.

(1) Truck

Nevada is considered to be a freight "consuming state". More freight is delivered to Nevada than leaves the state. An empty outbound capacity of approximately 40%-70%, coupled with a large number of carriers and deregulation of the trucking industry, has created a competitive atmosphere which allows for negotiating excellent rates and realizing tremendous cost savings for outbound shipments. Manufacturers can ship products from Babbitt for 40% to 50% less in cost than transportation expenses in other states.

(2) Reno Airport

Reno/Tahoe International Airport completed a state-of-the art 2-way runway and terminal addition in late 1996. It is the major air hub for western Nevada and eastern California offering commercial, scheduled, charter, and cargo flights. The rapid
passenger and air freight growth over the last five years has made Reno/Tahoe International the 44th largest air carrier airport in the U.S. Since 1990, passenger traffic has increased more than 73%. And in 1995, over 5.8 million passengers were served which represented a 11.9% growth from 1994.

Hawthorne is within 2 hours of the Reno Airport which offers over 220 daily flights to more than 50 North American markets including 22 non-stop destinations, a level of service usually reserved to communities five times the size of Reno. The Reno/Tahoe International Airport cargo activity in 1995 was 2,348.3 U.S. tons, up 20% from 1994. The seven all-cargo airlines include: Airborne Express, Amerijet, DHL, Emery Worldwide, FedEx, Union Flights, and United Parcel Service.

(3) **Proximity to Pacific Rim Ports**

Hawthorne is also well positioned for manufacturing and/or staging export merchandise and products destined from the East coast to Pacific Rim-destination ports such as San Diego, Los Angeles, San Francisco, Portland and Seattle. Opportunities existing for using Hawthorne's 1-day proximity to California's ports, which account for 40% of all trade to Asia, for developing a warehousing cluster for staging pacific rim-bound products from mid-west and east coast companies.

**7.0 Telecommunications**

**7.1 Infrastructure**

Nevada's early adoption of fiber optics, ISDN, and digital switching technologies has made it one of the sought-after locations in America for companies seeking competitive advantages in the information age. Extending into the most remote regions of the state, Nevada's telecommunications infrastructure is one of the most sophisticated in North America. Nevada Bell provides The network, which is virtually 100% digital, possesses the speed and bandwidth necessary for satisfying today's business needs.

Nevada Bell system engineers report that in 1999 a new fiber optic trunk line will be originated from the Hawthorne Central Office (just north of El Capitan) and run along US 95 to Walker Lake.
7.2 Business Tasks Supported by Advanced Telecommunications

As previously explained, each job within a company can be broken down into tasks. The following list identifies a few tasks which can be completed using advanced telecommunications.

**Word Processing Tasks**
- Advertisements
- Birth announcements
- Books
- Brochures
- Business cards
- Business contracts
- Catalogs
- Flyers
- Forms
- Letters
- Logo/letterhead design
- Mailing Lists
- Manuscripts
- Membership directories
- Menus
- Newsletters
- Party invitations
- Press releases
- Proposals
- Records
- Reports
- Resumes
- Screenplays
- Speeches
- Term papers
- Theses
- Wedding invitations

**Spreadsheet Tasks**
- Accounts payable
- Accounts receivable
- Amortization schedules
- Billing schedules
- Budgets
- Cash flow schedules
- Depreciation schedules
• Financial statements
• Fixed asset tracking
• Inventory control records
• Insurance/real estate comparison
• Payroll reports
• Tax schedules

**Drawing Program Tasks**
• Drawing and renderings
• Logo/letterhead design
• Party invitations
• Sales brochure creation

**Desk Top Publishing Tasks**
• Newsletters
• Brochures
• Birth announcements
• Advertising layouts
• Catalogs
• Menus

**Computer-Aided Drafting Tasks**
• Aircraft designs
• Architectural designs
• Design advertising displays
• Machine blue prints

**Character Generators & Film Editor Tasks**
• Advertising
• Film editing
• Home TV broadcasts
• Video creation

**Database Management Tasks**
• Accounting system
• Mailing lists
• Programming systems
• Telephone directories

**Videoconferencing Tasks**
• Classes
• Conference center
• Facilitation/Training
Internet Tasks
- Advertising
- Classes
- E-mail
- Home page service
- News clipping service
- Research
- Sales catalogs
- Sales retail
- Training

Bulletin Board Tasks
- Advertisements
- E-Mail
- Message center
- Training

7.3 Information Processing Industry

The information processing industry is a rapidly evolving sector that is focused on meeting the needs of the expanding information-based economy.

The significant employers of data processing activity in the region are usually large service sector firms in the areas of insurance, financial services, health care, and communications providers. These companies are involved in diverse markets serving thousands of customers both in and out of the Sacramento Valley. They centralize information and data processing activities to achieve economies of scale.

These industries employ significant numbers of people in areas with considerable key entry work. In general these activities can be broken out as follows:

- Billing
- Customer service
- Accounting
- Purchasing
- Internal support (such as payroll)

In financial services, activities include information intensive work such as mutual fund management (Franklin Resources) and middle-market lending (Wells Fargo). In both the health care and insurance industries
considerable data processing work is done to facilitate claims, appraisals, adjustments, underwriting, and client intake and follow-up. In communications-related industries considerable information-intensive work is required for customer services and ethnic targeted marketing.

Telecommunications-based, information-intensive companies such as:

- "800" telephone service companies which answer calls under contract to other businesses across US
- Account servicing or data processing companies for insurance or finance firms
- Multi-state travel agent
- Marketing research companies

7.4 **Telework Centers**

Locating a Telework Center at Babbitt would serve as a key anchor enterprise which can further leverage telecommunications and work. Telework Centers, or telecenters, allow for the partial substitution of computers or telecommunication technologies in place of a typical commute to work by employees. Rather than telecommuting from a home, workers would go to the Telework Centers which would be equipped with various telecommunications technologies to allow residents to conduct business, go to school through video distance learning, provide businesses a means to interact with national and international clients, etc. -- all through cyberspace. California is experimenting with telecenters as a potential land-use strategy, with telecenters placed throughout communities to allow residents to work and shop close to home. The rural variation would be for a rural workforce to telecommute at a telework center to a remote urban workplace.

The urban model focuses upon employees saving money on gas, auto maintenance, etc. while employers get happier, more productive employees. Business can save on travel expenses and lost time away from the office while also exploring ways to expand their customer base through the use of videoconferencing and distance education. As a result, fewer freeways need to be built with improved air quality. Generally, workers use a telecenter 1-4 days a week if you have a job that does not require you to be onsite or in the field. Through the use of a telephone, computer and other telecommunications technology, you can work closer to home a few days a week, cut down your commute time and be closer to your family. Telecenters provide you with a professional work space as
well as a computer and other equipment to perform your job and stay in touch with your main office. Residents currently working at the telecenter have saved time and money. They have experienced productivity increases due to fewer interruptions and better planning of tasks. Employers like that, and they like that telecommuting benefits the whole commuting by reducing traffic and smog. Workers can reserve a workstation and the only cost is the direct expense of telephone, fax, and copies, which can be billed to the employer.

At a Chula Vista Telecenter in California, the marketing approach to business has a definite appeal as evidenced from the following excerpt from a marketing message:

Discover the opportunities for your business at the telecenter, where your business can save time and money by utilizing the cutting-edge technology at the Chula Vista Telecenter:

- Settle into the telecenter's convenient, comfortable videoconference room and attend a meeting across the country. communicate with customers anywhere in the world from the telecenter through the electronic information highway.

- Provide your out-of-town employees or clients with a complete office to use for work or meetings.

- Send your employees to the telecenter's interactive video classroom for a training or class which originates in another community.

Telecenter services are tailored for businesses:

- Videoconferencing
- Executive suites: furnished and includes computer, modem, and phone
- Full or part time rentals
- Computers: IBM compatible or Macintosh with word processing, spreadsheet and graphics software
- Conference rooms and classrooms
- Internet access
- Distance learning in interactive video classrooms
7.5 **Telecommunity**

(2) **Telecommunity/Televillages:**

Another approach, being developed by the Kentucky Science and Technology Council, Inc., is the "televillage." These televillages are virtual communities of people, firms, government agencies, schools, libraries, health-care providers and others who are connected through a common vision or need and linked through telecommunications, information resources and shared services. Televillages can be for-profit or not-for-profit operations that serve a specific community or geographic area. This model is also being used by other rural communities in the United States and in Eastern Europe.

The Lincoln Trail Televillage in Elizabethtown, Kentucky, which serves an eight county area, became the first operational televillage four years ago. It links colleges and public schools to its electronic network, and participants are exploring ways it can support emergency services, agriculture, government, and persons with physical disabilities. The televillage is currently bringing doctors' offices and libraries on-line and is demonstrating to local businesses the benefits of video conferences, EDI, bar coding, and doing business on the Internet.

The Lincoln Trail Televillage links colleges and public schools to its electronic network, and participants are exploring ways it can support emergency services, agriculture, government, and persons with physical disabilities.

(3) **Nevada, Missouri: America's First Telecommunity**

Nevada, Missouri, is a rural community of 9,000 located 90 miles south of Kansas City and is the site of America's first "telecommunity". This community's approach to leveraging telecommunications has implications for developing Hawthorne's potential.

The Telecommunity project will capitalize on home-based businesses dependent on modern telecommunications technologies. On January 23, 1996, the Nevada City Council approved a contract for 560 acres of land it owns to be developed.
as a residential televillage project. The development will be targeted at home-based business owners, and its amenities and design will create a "community of kindred spirits."

Housing units in the televillage will be linked with fiber optic, coaxial, and twisted-pair copper cabling to provide for state-of-the-art telecommunications capabilities for home-based businesses and entrepreneurial enterprises. The housing units will be situated within a few blocks walking distance of the Nevada TeleCenter, which is available for the entrepreneurs' more advanced technology needs and logistical support services. Plans to develop a related teleincubator and office facility in close proximity to the televillage and the TeleCenter are under development.

The World's First Televillage Development Company
Acorn Televillages, Ltd., an English development company with a Missouri affiliate, broke ground on a fifty-acre televillage in Nevada on September 4, 1997. The first phase of the Nevada project, Lakewood Village, has thirty-one home sites, and the second section will add an additional thirty-two lots. All home sites are adjacent to lakes or open commons areas. A network of walking trails is being built throughout the tract. The company also has an option to acquire an additional 500 acres of property adjacent to the first phase. Plans are to develop that property as an extended televillage over the next several years.

Acorn has nearly completed work and sales on its first major televillage project in Crickhowell, Wales. That project and its sister development in Nevada are the first two units in a network of affiliated televillages the company expects to build in the United Kingdom, the United States, and other English-speaking countries.

The televillages provide unique working and living environments for home-based business operators and residents. In addition, the network of affiliated projects will facilitate the formation of international virtual corporations" by televillage residents.

7.6 Teleconferencing Center

Interactive videoconferencing technologies permit the dynamic, visual communication between individuals or groups within a community, region, nationally and internationally that normally only occurs during direct,
face-to-face communication. Consequently, interactive videoconferencing has proven to be one of the major means to overcome the geographic boundaries experienced by many rural communities. Interactive videoconferencing is also an opportunity to share limited resources or to make greater use of resources when face-to-face, dynamic communication is required.

Examples of interactive videoconferencing abound throughout the United States. Most of these examples have concentrated on using interactive videoconferencing to increase access or reduce traveling and resource replacement expenses through distance education and medical applications, including provider and patient education and medical consultations. As greater familiarity is achieved with interactive videoconferencing and the technology changes to fit within other existing technologies, creative approaches are being explored. For instance, insurance agents have begun to expand their market territory and ability to provide remote services by using interactive videoconferencing to meet clients or to remotely view damage claims to automobiles. Telecommuters can now attend meetings from their homes or a telecommuting center even though their colleagues are located in an urban corporate office or distributed throughout the country. Home health providers can make more frequent visits to a patient using in-home videoconferencing technologies, while providing the home bound patient quicker response to an emergency. Judicial systems are using interactive videoconferencing to arraign inmates directly from a jail. Community groups are directly and frequently communicating with their state and national legislators even though thousands of miles may separate them. As individuals and communities come together newer uses of interactive videoconferencing are being found, each providing economic opportunities through additional revenue generation or cost savings.

7.7 Electronic Commerce

Electronic Commerce is a broad term describing business activities with associated technical data that are conducted electronically. Through the use of computer technology and standards, information and activities can be remote, automatic, and electronic. Electronic Commerce (E Commerce or EC) is the exchange of business information using electronic formats, including Electronic Data Interchange (EDI), Electronic Mail (e-mail), Electronic Bulletin Boards (EBBs) and Electronic Funds Transfer (EFT). E Commerce Technologies are designed to replace traditional paper-based work flows with faster, more efficient and reliable communications between computers. To conduct business in the current environment
using E Commerce technologies requires that a business have access to a computer and a modem.

Electronic Commerce leads to enterprise integration by molding the vast network of small businesses, government agencies, large corporations, and independent contractors into a single community with the ability to communicate with one another seamlessly across any computer platform.

Integration means more than coming together externally. Internal integration is as vital, indeed, even more vital, than linking with the outside. In an internally integrated organization, incoming orders are received electronically and the information goes not only to production, but to shipping, billing, and inventory systems automatically-without any human intervention. Internal integration also means critical data is stored digitally in formats and on media that permit instantaneous retrieval and electronic transmission.

7.8 Image Warehousing

There may be potential for Hawthorne to “go after” imaging warehousing services which play off the new multimedia technologies being developed in Silicon Valley. A multimedia service-focused company which processes paper documents into electronic and interactive documents would be a viable operation that could be supported in Hawthorne with the appropriate and on-going skill training. One of the greatest enhancements to occur in computer technology in the last five years is the ability to manipulate more than traditional text and numbers. Today information is shared in a variety of forms: text and numbers, sound, and static and dynamic visual representations. Information sharing today requires “multimedia” technologies. Unfortunately, many entities within rural and urban communities still continue to process information in a manual, paper based environment. One of the opportunities presented by the RTC is for these entities to share the technology, a microfilm or optic disk jukebox, that permits the progression from this manual, paper based environment to computerized, multimedia information sharing.

For some the imaging warehouse will permit the storage and retrieval of formally paper mediums. For instance, an insurance agent can exchange several file cabinets for computer access to the same information stored as images in the warehouse. City and county governments can provide access to government documents, property descriptions, and historical material through computer access to the imaging warehouse while also protecting these materials from natural disasters. The virtual library is
possible by allowing complete access to library materials stored on microfilm or CD-ROM.

For others in the community and region the imaging warehouse will serve as the means to integrate formally paper based mediums with existing computer based information managed by a variety of entities into a more comprehensive understanding of a situation. For instance, the current driving force in rural health care delivery is to provide earlier, preventative care close to the patient's home. Community and Regional Health Information Networks will prove to be successful as greater integration of information occurs. The imaging warehouse and the expertise provided by these technologists make it possible, in a secured and confidential environment, to provide aggregated, multimedia information about a rural citizen to a health care provider from the various clinics, hospitals, home health agencies, or nursing homes in a region who may have participated in the delivery of health care to that individual in the past. This ability to aggregate information through the imaging warehouse also allows the health status of the community and region to be evaluated easily and quickly. This enhanced access and ability to manipulate multimedia information will quickly reduce the economic burden placed on rural communities while also further insuring the protection of the information.

8.0 Entrepreneurship

Supporting entrepreneurship is a growing rural economic development strategy and is seen as being increasingly important to Nevada in creating new wealth, new job opportunities, meeting unmet needs for goods and services, creating new markets for existing businesses, and contributing to economic base diversification. Entrepreneurship is growing due to:

- Life style changes - i.e., people are moving in from urban areas for a better quality of life

- Technology advances and improvements in telecommunications have allowed many people to be footloose in terms of business location

- Corporate downsizing has created a cadre of skilled professional people who are opting to become entrepreneurs as a solution to job loss in urban areas

- Changes in the way markets work; some companies do not now have to be located close to their markets.
8.1 "Indigenous" Entrepreneurs

These are people already living in the area and are often home-based and/or small business operators. These include: repair persons; farmers and ranchers involved in "cottage-industries", tourism and food and beverage products and retail services. They respond to existing and emerging market needs. Some may be dislocated workers or early retirees. They have a good sense of unmet needs for local goods and services and a good network of contacts. They tend to lack adequate capital and knowledge of technical assistance resources, and lack certain business skills.

8.2 "Equity Refugees"

These tend to be either early retirees with money from cashing out a house and/or a business in an urban area, or people who cash out and move to a rural area while moving their businesses with them or starting a new business. Both types are making explicit lifestyle changes. However, the retirees often do not intend to start or buy and operate a business. They intend to retire but often find they are bored or they are creative people who end up creating a product. Move-in entrepreneurs often find it difficult to make the transition to operate a business in a seasonal economy and need to learn how to operate with peaks and valleys of cash flow. People who move to a rural area to start or buy an existing business often lack adequate business experience, and experience failure. What some of these entrepreneurs do have are skills, cash, contacts, and market relationships outside of the region. This is important for businesses which sell goods and services outside of the region.

8.3 "Lone Eagles"/"New Pioneers"

- "Lone Eagle" is the Center for the New West's name for the burgeoning group of knowledge workers who are abandoning life in large cities and the 9-to-5 world and moving to small town America or rural areas. The Nevada State Demographer has identified the need to conduct a "new pioneer" survey by contacting new residents to find out who they are, what their households are like, and the skills and resources they bring to the state.

- Lone Eagles are knowledge workers. Many are entrepreneurs -- people who are comfortable with risks and like to run businesses. Many are professionals -- writers, analysts, brokers, accountants, attorneys, management consultants, financial advisors, engineers,
manufacturers' reps -- who live by their wits and are tethered to the outside world by faxes, modems, express mail and airplane tickets.

• The Center for the New West calls Lone Eagles "a special breed of knowledge workers" for they live and work away from the markets they serve. Some live in urban America yet many move to small towns and to rural America. Most work at home. Lone Eagles are the pioneers of the SOHO (Small Office/Home Office) movement, trailblazers on the Electronic Frontier.

• Lone Eagles are persons who have "locational flexibility in where their work can be performed and use information technology to sell products or services to a non-local market" and are "significantly more likely to have a higher income than other employed people." Lone Eagles and telecommuters are more likely than other workers to use computers, modems, fax machines and voice mail -- and are, therefore heavily dependent on digital switching and other modern telecommunications infrastructure which makes using many of these products possible.

According to studies, pull factors like good environment, outdoor recreation opportunities and the absence of state income tax were significantly more important to Lone Eagles and telecommuters than push factors like undesirable climate, crime and high state and local taxes in their previous locations.

• The Center for New West has identified segments to the Lone Eagle market including: Payrollers; Freelancers; Planters; Gardeners; Piggybackers; Trustfunders; Golden Eagles; Bald Eagles; and Country Hawks.

(A) **Payrollers**: People who are tethered as full time employees of a corporation, law firm or other organization which, typically, provides professional or business services. Many Payrollers work for virtual corporations or for firms with virtual operations, such as the "hoteling" arrangements used by Arthur Anderson in San Francisco. Other Payrollers are off-site homeworkers (telecommuters) in order to enhance productivity, optimize distances for those who travel, or offer a nonwage benefit to a valued employee.

(B) **Freelancers**: Independent consultants, advisors and other professionals who sell their services to a variety of clients.
Many Freelancers are refugees from corporate re-engineering. Many are urban refugees who move to small town America to escape the violence, gridlock, pollution, bad schools and expense of big cities.

(C) **Planters**: Entrepreneurs who move to small towns and rural areas to start their own business, such as Great Plains Software (North Dakota), Gateway Computers (South Dakota) and Rocky Mountain Chocolate Factory (Colorado). Planters like to grow and run a variety of businesses — including specialty manufacturing, business and professional services, software businesses, mail order houses and so forth.

(D) **Gardeners**: Freelancers who cultivate business relationships with former corporate employers. As many as one-third of corporate staff and middle managers who were laid off in the recent recession ended up being re-hired as consultants and advisors to former employers.

(E) **Piggybackers**: Sometime-writers, analysts and other professionals who live off their spouses' incomes and, in some cases, have "long distance" marriages in which the Lone Eagle lives in the mountains or by the sea while the spouse toils away at a corporate job in the city.

(F) **Trustfunders**: Sometime-writers, analysts and other professionals who are still trying to find themselves as they live off the achievements and savings of their parents or grandparents. Rich Trustfunders are found in Aspen and Jackson Hole. Midscale Trustfunders are everywhere.

(G) **Golden Eagles**: Upscale Lone Eagles; this type has been around for a long time. Golden Eagles span the adult age brackets -- some old, some young and many in between. Some are Trustfunders, who are trying to figure out what they are going to do with the rest of their lives. Others made it on their own and simply want to "smell the roses" or otherwise change the way they are living. Whatever their source of wealth, Golden Eagles typically have net worths exceeding $1.0 million and are focused as much on easy living as on hard working.
(H) **Bald Eagles**: Migrant retirees. They seek a nice and safe place to live -- a place where they can sink roots and get more for their money than in the Big City. Pre-boomer Bald Eagles flocked to Florida and Arizona. Today's Bald Eagles seek a well-rounded town with a normal distribution of age groups. Bald Eagles bring a new wealth to a community -- including savings, investments, pensions. They are also an important human resource to small communities.

(i) **Country Hawks**: -- differ from Lone Eagles chiefly in motivation. Lone Eagles move to a small town or rural area to continue their work in a different setting. The Country Hawk is motivated primarily by a desire to live in the country. The primary challenge for Country Hawks is to find a way to make a living in the place they want to nest. Country Hawks typically are searching for a new life and, in the early stages, may be adrift: They know where they want to be, but not what they want to do. Lone Eagles, by contrast, already know what their business is and where their markets are. Many Country Hawks are early retirees who will soon become Bald Eagles. Most will start small businesses -- typically a back-office operation, a home business, a retail business or a tourism-related

9.0 **Retirees**

**Opportunities**

Hawthorne has opportunities to use its existing retiree base as leverage to recruitment more "Senior Sun Seekers" as well as other retiree markets such as "Rural Resort Dwellers" and seniors looking for "Retirement Communities". As noted above, Hawthorne has more "Senior Sun Seeker" households as a percentage share (13%) than Florida and Arizona neighborhoods which average 12% of households represented by this retiree segment. The Babbitt and Schweer properties can become important assets in the development of the local infrastructure to support the recruitment of retirees as an economic development strategy.

9.1 **Rural Resort Dwellers**

Rural Resort Dwellers are the locals who reside in rustic getaways; this consumer type includes retirees who have opted for fresh air and the
great outdoors. Remote and rural, these communities depend upon seasonal trade to sustain the local economy.

**Lifestyle:**

Rural Resort Dwellers love the great outdoors. Four-wheel drive vehicles, hunting, fishing, and wilderness sports reflect their lifestyle. Pastimes also include antidotes to cabin fever, indoor activities such as arts, crafts and hobbies. Typical of retirees, they also do volunteer work. Spending is likely to include cameras and women's apparel.

**Demographic:**

Local, full-time residents are older, in contrast to the seasonal population. Many of the householders are concentrated in the 55-plus age groups; almost 45 percent of householders are over the age of 55 years. Families are predominantly married couples and include many recently retired to the areas.

**Socioeconomic:**

Over half of the households earn less than $25,000, but their poverty rate is the same as the national level. Rural Resort Dwellers earn a modest living from seasonal employment and farming. Over 20 percent receive retirement income; 35 percent receive Social Security. Most of the labor force are employed part-time. Median household income is $24,700.

**Residential:**

Residences are single-family or mobile homes and owner-occupied. Sixty percent of the housing is for seasonal use and remains vacant during most of the year. Average value is low, $100,000 for all owner-occupied units, but comparatively high for rural areas.

**Location:**

Over 90 percent of the Rural Resorts are in rural villages. These neighborhoods can be found in most states, but Rural Resort Dwellers are concentrated in the North around the Great Lakes or in New England, especially Maine, New Hampshire, and Vermont.
9.2 Retirement Communities

Retirement Communities are the sites of congregate housing for well-to-do retirees. Neighborhoods also include more expensive single-family homes, condominiums, and some nursing home facilities. This is a diverse group as regards lifestyle and spending.

Lifestyle:

The lifestyles and spending in this market are as diverse as the households in these areas. The preferred automobiles are subcompact or luxury cars. Leisure activities include court sports and golf, picnics and dining out (especially in family restaurants). Travel is popular—foreign more than domestic. Spending includes not only investments, but also luxuries like furniture, sports equipment, VCRs, and apparel. This is an excellent mail order market.

Demographic:

The age profile is older, but not exclusively elderly. This market segment is actually the youngest of the Retirement Styles group because the communities are situated in mixed residential neighborhoods. Householders aged 75 and older represent almost 20 percent of the household distribution, but so do householders aged 25-34 and 35-44 years. Single-person households are 35 percent of the total, followed by married couples without children at 27 percent.

Socioeconomic:

This is a small, but prosperous market with a median household income of $32,500. Sources of income are varied by the large number of retirees: pensions (20 percent), Social Security (33 percent), interest and dividends (over 50 percent) and salaries. The labor force is also small, but well-educated and employed professionally.

Residential:

Congregate housing, where meals are included with rent, accounts for 70 percent of the housing in Retirement Communities. Average gross rent is over $650, which is well above the national average. Surrounding neighborhoods include single-family homes valued at $133,000. Most of the housing is relatively new, almost 40 percent built in the last decade.
9.3 **Former HWAD Workers and Families**

At least several thousand of former military personnel and civilian employees who have worked at HAWD since the 1960's are approaching retirement. Many former workers who have moved on have fond feelings toward Hawthorne and consider it as one of their "homes". These former workers who have retired or who are approaching retirement are "warm" targets to recruit for seasonal and/or year-round retirement living since they already know what it is like to live in Hawthorne and have probably already lived at Babbitt or Schweer at some time. A secondary appeal can be made to the children who grew up at Babbitt or Schweer during the 1940's and 1950's and who are approaching retirement. A "reunion"-type event in Hawthorne would be an effective way to market to former workers who are seniors and/or pre-retirees.

10.0 **Housing Opportunities**

10.1 **Current Conditions**

Babbitt and Schweer were previous housing sites which at one time provided as many as 640 housing units that supported a resident population of as many as 2,500. Reuse of parts of Babbitt and all of Schweer for housing is an inevitable consideration but must be carefully considered in relation to the existing housing stock in Hawthorne.

- There is a lack of new housing in Hawthorne. The last new home was built in Hawthorne about 4-5 years ago.

- In mid-1997, there were approximately 60-100 housing units for sale or rent in Hawthorne. Most of these units are in substandard condition.

- There has only been 1 new subdivision platted in the Town of Hawthorne over the past 5 years. This subdivision has a residential building capacity of 6-10 units.

- Average monthly fair market rents in the Hawthorne area for units in substandard to standard condition are estimated at:
2-bedroom unit $300 per month
3-bedroom unit $350 per month
4-bedroom unit $400 per month

- HUD's FY97 figures for monthly fair market rents in Mineral County under the Section 8 subsidized housing program are much higher at:

  - Studio $320
  - 1-bedroom $437
  - 2-bedroom $582
  - 3-bedroom $763
  - 4-bedroom $955

10.2 Affordable Housing

As described above, Hawthorne has a disproportionately higher share of low income households.

Housing units "affordable" to low income groups.

The income groups are based on a percentage of the median family income for an area. The first type of record contains data for households in five income groups: 0-30%, 31-50%, 51-80%, 81-95% and 96%+. The second type contains data for the incremental group of housing units affordable to the households at one of four income levels: 30%, 50%, 80% and other.

"Affordable" units are defined to mean units for which a family - at one of three specified point on the low income scale - would pay no more than 30% of their income for rent and no more than 2.5 times their annual income to purchase.

Household data are grouped into three classifications: (1) elderly households are one or two member (family or non family) households with head or spouse age 62+; (2) small related family households are non elderly family households with two to four members; (3) large related households are family households with 5+ members. Other households may be derived by subtracting these three groups from total households.

Households with Housing Problems

- More than 31% of all housing units in the target area have housing problems (# = 93,226 housing units). These are households in units
which lack complete plumbing, having more than 1.01 persons per
room (overcrowded) or paying more than 30% cost burden for
housing.

- More than 47% of all households with housing problems live at
50% or less of median family income (# = 44,219 of 305,045
housing units).

10.3 Subsidized Housing Demand

As of September 1997, there is a waiting list for 58 rental units of
subsidized housing under the HUD Section 8.

Household Characteristics:

<table>
<thead>
<tr>
<th>Category</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family</td>
<td>45 units</td>
</tr>
<tr>
<td>Single</td>
<td>7 units</td>
</tr>
<tr>
<td>Elderly</td>
<td>4 units</td>
</tr>
<tr>
<td>Disabled</td>
<td>2 units</td>
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Bedroom Size Requirements:

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>Units</th>
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<tbody>
<tr>
<td>1-bedroom</td>
<td>30</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>19</td>
</tr>
<tr>
<td>3-bedroom</td>
<td>10</td>
</tr>
<tr>
<td>4-bedroom</td>
<td>0</td>
</tr>
</tbody>
</table>

11.0 Commercial Property

11.1 Supply

The Town of Hawthorne has approximately 83 acres of "C"-zoned
commercial property which comprises approximately 29 city blocks in the
aggregate.

11.2 U.S. 95 Traffic Patterns

The Babbitt property contains 5900 feet of prime commercial highway
frontage on US 95 which is the main artery between Reno and Las Vegas.
This mile plus stretch of road certainly has the highest traffic flows in
Mineral County with 700 plus residents of Hawthorne commuting daily
between the Town of Hawthorn to HWAD and with through traffic on U.S.
95. In 1996, approximately 1,533,000 vehicles, or 4,200 daily, passed the
Nevada Department of Transportation's traffic count station at Babbitt. Approximately 84% of this traffic was passenger vehicles with the balance being trucks and buses. In 1996 as much as 63%, or 967,000 of these 1.5 million vehicles, was through traffic which also passed the other traffic count station south of SR-362.

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. 95 (North)</th>
<th>U.S. 95 (South)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>1,485,550</td>
<td>746,425</td>
</tr>
<tr>
<td>1987</td>
<td>1,580,450</td>
<td>813,425</td>
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<tr>
<td>1988</td>
<td>1,622,425</td>
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<td>1989</td>
<td>1,564,025</td>
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<td>1990</td>
<td>1,655,275</td>
<td>967,260</td>
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<tr>
<td>1991</td>
<td>1,372,400</td>
<td>812,125</td>
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<td>1992</td>
<td>1,460,000</td>
<td>832,200</td>
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<tr>
<td>1993</td>
<td>1,483,725</td>
<td>839,500</td>
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<td>1994</td>
<td>1,478,250</td>
<td>812,125</td>
</tr>
<tr>
<td>1995</td>
<td>1,635,200</td>
<td>947,175</td>
</tr>
<tr>
<td>1996</td>
<td>1,533,000</td>
<td>967,250</td>
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</table>

12.0 Industrial Property Supply

There is a lack of developed M-1 property available for sale in Hawthorne. There are approximately 200 acres of “M-1” zone-type industrial property in and immediately around Hawthorne. The Town of Hawthorne contains approximately 106 acres which comprises approximately 29 city blocks in the aggregate. The existing airport industrial park on US 95 consists of 19 developed parcels in 2 to 5 acre sizes comprising approximately 54 total acres which are available by “lease only” which is a barrier for development. The relatively small parcel size and “lease only” use is a barrier to many kinds of larger, facility-intensive industrial development. Some 14-16 of the parcels, comprising 41-48 acres or 77%-90% of the industrial park, appear to be currently leased and/or are being held for use by specific businesses. The Town of Hawthorne provides water and sewer to the park. These utilities run along US 95.

Industrial Park: Current Capacity Analysis (Estimate)

<table>
<thead>
<tr>
<th>Number of Parcels:</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Acres:</td>
<td>53.7</td>
</tr>
<tr>
<td>Total Leased Acres:</td>
<td>41.1</td>
</tr>
</tbody>
</table>
Part 3  Babbitt Highest and Best Use

1.0 Highest and Best Reuse Recommendation

This study recommends that Mineral County redevelop Babbitt with a reuse master plan that provides for, and encourages, mixed uses such as commercial, light industrial, residential, educational public use, recreational public use and an open highway corridor. Within each of these use areas, targeted industries and specific market segments have been identified. These targeted industries are based upon their potential: (1) to take advantage of regional and national market forces and opportunities, (2) to exploit locational and site-specific advantages; (3) to create new jobs and new private investment; & (4) to expand the tax base.

It is suggested that, after public comment and modifications, this “highest and best use plan” can serve as Mineral County’s “development strategy” for Babbitt. It is recommended that the next steps in developing Babbitt’s “highest use” are:

• Given the size of the Babbitt property, it is recommended that the property be developed in phases with Phase 1 consisting of areas that can be serviced by the existing water and sewer lines which connect and service the bowling alley and elementary school and which are operated by HWAD.

• It is recommended that Mineral County proceed with the annexation process as rapidly as possible and that a process be implemented to develop a land use master plan at least for Phase 1 as soon as possible.

• It is recommended that Mineral County design and implement an aggressive marketing program and an incentive program which could be conducted during the annexation, land use planning and zoning process. It is recommended that the marketing program be a “rifle approach” to industrial recruitment rather than a “shot-gun approach”.

• It is recommended that Mineral County develop a medium and long-term infrastructure plan for capital improvements at Babbitt which provides technical approaches and cost estimates regarding water, sewer, streets, etc. be developed by an engineer.

• It is recommended that Mineral County proceed with a Technical Assistance grant to the U.S. Economic Development Administration (EDA) for an Implementation Planning grant rather than a grant to develop an Economic Development Strategy as proposed in August 1997.
2.0 Conceptual Land Reuse Plan

The intent of the conceptual reuse plan is to provide Mineral County with a baseline planning document to guide the county's actions to achieve "highest and best use" of the Babbitt property. The annexation of the 440-acre Babbitt Housing Area to the Town of Hawthorne would increase the town size by 54%. The current Town of Hawthorne contains 1 square mile plus 160 acres.

<table>
<thead>
<tr>
<th>Town of Hawthorne</th>
<th>804</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Townsite</td>
<td>644</td>
</tr>
<tr>
<td>Past Annexations</td>
<td>160</td>
</tr>
<tr>
<td>Babbitt Annexation</td>
<td>440</td>
</tr>
<tr>
<td>Post-Annexation Size</td>
<td>1,244</td>
</tr>
</tbody>
</table>

% increase to Town size 54.70%

The 440-acre Babbitt property has approximately 5900' of highway frontage on US 95. The interior roads at Babbitt still exist with a series of roads running parallel to US 95. These interior US 95-parallel roads provide a potential reuse layout consisting of a series of adjacent rectangular areas with mixed uses separated by open/buffer areas. The following conceptual land use plan proposes the following allocation of uses by size:

<table>
<thead>
<tr>
<th>Use</th>
<th>Acres</th>
<th>% of All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial/Light Industrial</td>
<td>147</td>
<td>34%</td>
</tr>
<tr>
<td>M-1</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>C-1</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>C/M-1 Limited</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>46</td>
<td>11%</td>
</tr>
<tr>
<td>P</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>P-Open Space</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>72</td>
<td>16%</td>
</tr>
<tr>
<td>R-1 Single Family Residence</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>R-1 Home Occupation</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>R-2 Limited Multi-Family</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>R-3 Multi-Family</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Streets</td>
<td>35</td>
<td>8%</td>
</tr>
<tr>
<td>Southwest Undeveloped Parcel</td>
<td>139</td>
<td>32%</td>
</tr>
<tr>
<td>Total Land &gt;</td>
<td>440</td>
<td></td>
</tr>
</tbody>
</table>
3.0  M-1 "Highest and Best" Conceptual Plan

3.1  M-1 "Highest and Best Use" Strategies

(1) Exploit Hawthorne's proximity to major economic centers by providing a low-cost productive base for "just-in-time" primary component, subassembly and secondary suppliers at Babbitt which can support the "booming" manufacturing centers of Reno, Las Vegas, Sacramento, San Francisco/San Jose, Los Angeles/San Diego, Boise, Salt Lake, Phoenix and the Portland/Seattle corridor; Capitalize upon Babbitt's strategic geographical location to serve the entire West Coast with a sophisticated transportation system, by the competitive cost of doing business, and a superior quality of life.

(2) California is the #1 producer of agricultural goods in the US. Opportunities exist for using Hawthorne's location to fresh agricultural goods from California's Sacramento and Central Valleys for supporting a niche and specialty food processing manufacturing cluster to serve regional markets in Reno, Las Vegas, and Northern California and other domestic markets in the mid-west and east coast.

(3) Exploit Hawthorne's proximity to the $850 billion-plus in consumer markets located within a 1-day "just-in-time" delivery schedule in Reno, Las Vegas and California by providing a low-cost productive base for niche and specialty manufacturers of consumer products.

(4) Leverage telecommunications to close the gap between Hawthorne's rural geographic location and the workplaces of major urban areas by nurturing the growth of niche service sector industries at Babbitt to provide "back-office", "real-time" information processing.

(5) Use telecommunications, a scenic natural environment and opportunities for outdoor recreation to leverage Hawthorne's competitive advantage to attract to Babbitt the new "foot-loose, self-employed" knowledge workers (a.k.a. "lone eagles", telepreneurs) who can live and work anywhere.

(6) Support the development of a "telecommuter cluster of knowledge workers" by establishing a multi-tenant "telework center" to support individuals who are full-time and/or part-time "telecommuters";
Develop as an amenity to recruit new residents who can telecommute to Reno and Carson City and still be close enough to once or twice a week.

(7) Create a multi-tenant "teleincubator" with flexible workstations and office rentals to support "telepreneurs", information technology startup companies, and traditional incubator tenants who need access to office, light assembly and light manufacturing space.

(8) Support the development of private real estate investment opportunities to develop “build-to-suit”, “spec”, leasable and “for sale” professional "Office Buildings" and shell industrial buildings to provide quality space for companies with manufacturing, wholesaling, or distribution needs. (Ideally with the capability of building 20,000 to 60,000+ square feet with ceiling heights in 24-28 feet range and constructed of fabricated metal and concrete slabs.)

(9) Establish a video conferencing/workforce training center to develop the Mineral County workforce by linking to Western Nevada Community College’s distance education programs and 1- and 2-year vocational degree programs as well as providing access for businesses to short-term and customized industry training.

(10) Develop the infrastructure to support develop a “telecommuter cluster of knowledge workers” who can live and work at Babbitt and occasionally drive to the workplace in Carson City or Reno once or twice a week.

(11) Use HWAD and Day & Zimmerman Hawthorne Corporation’s (DZHC) reputation for productivity, quality, high tech and environmental excellence to leverage a cluster of related high tech manufacturing, service and environmental company expansions to Babbitt.

(12) Support DZHC’s strategic vision to be “the preferred major operator of ammunition depots, the leader in worldwide demilitarization of munitions, and the operator of a national munitions recycling center”.

(13) Support DZHC’s future business lines and local spin-off opportunities in: ammunition logistic management; resource recycling and disposal of munitions; logistics management; and
emerging munitions demilitarization technology.

(14) Promote land development policies for Babbitt which support sustainable development and eco-industrial principles, which would position marketing efforts to leverage companies wanting to be identified with such "cutting-edge" practices in a scenic wilderness/frontier location; Examples of such companies would be: wilderness/high altitude product research, development and manufacturing; resource-recovery manufacturing; educational training; athletic and endurance training; environmental services such as monitoring, software development, analytic laboratories and testing facilities; high altitude nurseries for growing native plants for mine remediation projects; etc.

(15) Develop a niche service industry cluster of depot suppliers and brokers to support the primary and secondary products, services and "odd-ball" needs of the military and especially for the munitions depots; Support the development of a company or cluster of companies which offers a physical and virtual "logistical support center" with warehousing, distribution and transportation services along with telecommunications and electronic commerce to "service" this specialized industry which is increasingly outsourcing functions and services due to down-sizing and privatization efforts.

(16) Develop a high tech resource recovery industry cluster at Babbitt by leveraging HWAD's international reputation for conventional munitions recycling at the Western Area Demilitarization Facility (WADF); Establish an industrial area at Babbitt which could be affiliated with WADF as an "outside-the-fence" recycling facility; Market the recycled materials from the HWAD demil plant to support the formation or expansion of a manufacturing company at Babbitt which could use the recycled materials and metals for remanufactured, post-consumer products, for reprocessing recycled materials for manufacturing processes, and/or for the milling of interim products; Market the ability to recycle and remanufacture recovered explosives for the mining industry and other industrial uses; etc.

(17) Develop a warehouse cluster and truck transportation distribution hub for "just-in-time" deliveries by-and-between California/East Coast and Reno/Las Vegas markets by leveraging a favorable tax structure and the large volume of heavy interstate trucks making
deliveries to HWAD and leaving empty; Manufacturers can ship products from Babbitt for 40% to 50% less in cost than transportation expenses in other states because between 40% to 70% of the trucks bringing goods into the state leave empty.

(18) Develop an industry cluster focus to recruit mining services and mining-related manufacturing to Babbitt to exploit Mineral County's central location to the industry as well as its name and vast mineral reserves; Promote opportunities for developing niche valued-added manufacturing and/or mineral processing for industrial applications; Support an on-going market research effort to match the requirements of new industrial and technological products and processes, such as new composite materials, to the abundant mineral reserves in Mineral County.

### 3.2 M-1 Land Use Allocation Plan

<table>
<thead>
<tr>
<th>Parcel Number</th>
<th>Size</th>
<th>Parcels</th>
<th>Total Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>6</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>6</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>2</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>1</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19</td>
<td><strong>165</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 3.3 New Limited C/M-1 Overlay

The above strategies can be enhanced by establishing a new and limited C/M-1 overlay which would support compatible commercial, manufacturing and residential uses (See Appendix for a full description).

### 3.4 Conceptual "Highest and Best" Users of M-1 Property

The following page provides a sample of the types of companies that could be users of the M-1 property at Babbitt:
Conceptual "Highest and Best" Users of M-1 Property at Babbitt

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A small manufacturer of construction products for high</td>
<td>15</td>
</tr>
<tr>
<td>growth areas in Reno, Las Vegas and California</td>
<td></td>
</tr>
<tr>
<td>buys a 2-4 acre parcel and constructs a 12,000 SF facility</td>
<td></td>
</tr>
<tr>
<td>2. A specialty supplier to the medical manufacturing industry</td>
<td>10</td>
</tr>
<tr>
<td>in Sacramento buys a 3 acre parcel and constructs a</td>
<td></td>
</tr>
<tr>
<td>10,000 SF facility</td>
<td></td>
</tr>
<tr>
<td>3. A contract manufacturer to the electronics industry builds</td>
<td>25</td>
</tr>
<tr>
<td>a 10,000 SF facility to provide subassemblies for electronic</td>
<td></td>
</tr>
<tr>
<td>gaming manufacturers in Reno and Las Vegas</td>
<td></td>
</tr>
<tr>
<td>4. A boat manufacturer establishes a production and research</td>
<td>45</td>
</tr>
<tr>
<td>facility at Babbitt in order to be close to Walker Lake in</td>
<td></td>
</tr>
<tr>
<td>order to test products and still be close enough to Lake Tahoe</td>
<td></td>
</tr>
<tr>
<td>for special event marketing events</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A service bureau for several Reno casinos establishes a</td>
<td>15</td>
</tr>
<tr>
<td>Back-Office teleservice center to handle 1-800 reservations;</td>
<td></td>
</tr>
<tr>
<td>The company rents approximately 2,000 SF of space in the small business incubator and builds a 5,000 SF office at Babbitt after the 1st year operations prove profitable</td>
<td></td>
</tr>
<tr>
<td>2. A market research company establishes a call center at Babbitt to handle new contracts for consumer information in California and Nevada markets; The company starts off in the telecommunications-enhanced incubator at Babbitt in 1,500 SF and after the first year enters into a 5-year lease in a shared-office building next door which was built by a developer.</td>
<td>15</td>
</tr>
<tr>
<td>3. An early retiree from HWAD starts a new company to act as a broker to supply defense depots and facilities using the Internet to arrange for drop shipments</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Warehousing/Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A medium sized mid-west manufacturer establishes a</td>
<td>25</td>
</tr>
<tr>
<td>new 25,000 SF distribution center utilizing a 5 acre parcel to serve west coast and Pacific Rim markets</td>
<td></td>
</tr>
<tr>
<td>2. A trucking company expands into Nevada in anticipation of new all-cargo airport opening in southern Nevada; the company establishes a distribution hub at Babbitt and builds a 35,000 SF facility on 15 acres at the north end of Babbitt</td>
<td>40</td>
</tr>
</tbody>
</table>
4.0 **Residential “Highest and Best Use” Conceptual Plan**

4.1 **Residential “Highest and Best Use” Strategies**

(1) Establish a residential overlay area for an “entrepreneur-zone” in R-1 areas that promotes the location and clustering of “Cottage” and “Home-based” businesses.

(2) Establish a residential overlay area for a “telecommunity-zone” in R-1 areas which would promote the development of an up-scale, telecommunications-“smart” residential area with a variety of types of housing which would offer fiber optics and other communications amenities to attract “Lone Eagle”- and telecommuter-households; Target Hawthorne “Baby Boomers” who have establishes careers in cities and out-of-state; reverse the exodus of educated young people.

(3) Increase the number of affordable, multi-family rental units with 2-3 bedrooms for subsidized low income households.

(4) Increase the number and types of units of senior housing and especially for households with members who are disabled and frail.

(5) Diversify the housing stock by supporting new subdivisions with townhouses and condominiums.

(6) Establish a “homeownership” zone to increase the supply of “starter-homes” for 1st-time home owners by supporting “affordable”, detached, single-family dwelling subdivisions.

(7) Establish a retirement community for former HWAD workers and family members.

(8) Support multi-unit housing options which provides the aging population in the region with an alternative living arrangement and a service package which allows them to remain in an independent living arrangement longer.

4.2 **New R-1 HO Home Occupation Overlay Zone**

The following paragraphs present a description of a new overlay zone for Low-Density single family detached housing that would support home occupations (See Appendix for a full description):
**Intent and Purpose.** Provisions of the “Home Occupation Overlay Zone” would allow limited commercial and industrial-type enterprises in areas with mixed residential, commercial and industrial uses. These provisions would protect the rights of residents to engage in new, and expand existing, home occupations while limiting incompatible and conflicting land uses. These provisions would also reduce traffic on arterial streets by allowing uses which permit residents to work at their dwellings. Importantly, home occupations are not intended to change the character or adversely affect the residential uses within the permitted zone.

**Definition.** “Home occupation” would mean any use primarily conducted within an enclosed area of a dwelling or in an accessory structure, provided that the dwelling is the principal domicile of one of those practicing the home occupation.

### 4.3 Summary of Residential Conceptual Plan

<table>
<thead>
<tr>
<th></th>
<th>Mid-range Population</th>
<th>Total Units</th>
<th>Owner-Occupied Units</th>
<th>Renter-Occupied Units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R-1 Single Family</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up-Scale</td>
<td>Professionals/Dual-Income/Wealthy Retirees</td>
<td>292</td>
<td>120</td>
<td>75</td>
</tr>
<tr>
<td>Up-Scale</td>
<td>Empty-Nesters/New Retirees</td>
<td>40</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Medium Income</td>
<td>Growing 30 Something Families</td>
<td>60</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Medium Income</td>
<td>Low-Income 1st-Time Homeowners</td>
<td>112</td>
<td>35</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Mixed R-3 Multi-Family</td>
<td>80</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Manufactured homes</td>
<td>125</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>308</td>
<td>120</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>308</td>
<td>120</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Up-Scale</td>
<td>Townhouses/Condos (Studios)</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Up-Scale</td>
<td>Townhouses/Condos (2-3 bedrooms)</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Medium-Income</td>
<td>Apartments (2-3 bedrooms)</td>
<td>96</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Low-Income</td>
<td>Apartments (2-3 bedrooms)</td>
<td>102</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Mixed</td>
<td>Senior Housing (Studios)</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

[End of Part 3]
1.0 **Highest and Best Reuse Recommendation**

This study recommends that Schweer be developed as an "active senior" retirement community which is in close proximity to numerous destination draws for retirees and which has a favorable tax structure for retirees with no state income tax and significantly less property taxes when compared to California. Until the market clearly expresses a preference, it is recommended that the housing use strategy for Schweer target multiple market segments by promoting seasonal and year round occupancy. Any strategy adopted to achieve "highest and best use" should be flexible to respond to market pull.

1.1 **Market Segments**

It is recommended that the following retiree market segments be targeted:

1. **Short Term Seasonal Retirees**

This group would be looking for a 3 to 6 month short-term residential vacation in a western rural setting. Members of this group may be "weather refugees" escaping extreme heat and cold or older households "adventuring into the west" from the north or east. This group may also be "urban refugees" getting away for a season from their primary homes in urban settings.

- **Summer** "Sunbirds" from retirement centers in southern Nevada, Arizona such as the Phoenix Metro area, and southern California; there may be a potential appeal to provide a "western" seasonal retiree experience (access to wilderness, gaming, entertainment, etc.) for new retirees in the southeast and Florida; "Pre-retirees" with extended and accrued vacations "trying-out" potential retirement communities.

- **Winter** "Snowflakes" from the north such as Alaska, Montana, Minnesota, the Dakotas, and Canada which consider winter in Hawthorne as "mild"

- **Fall/Spring** The "shoulder" seasons could be marketed to Sunbirds and/or Snowflakes.
(2) **2nd Home Seasonal Retirees**

The wealth of opportunities for recreation and entertainment for mobile and active retiree households.

(3) **Year-Round Retirees**

As profiled in Part 2 above, the year-round units could be marketed to “Senior Sun Seekers” as well as other retiree markets not yet represented significantly in the Hawthorne area such as “Rural Resort Dwellers” and seniors looking for “Retirement Communities”.

1.2 **Marketing Proximity to Recreation**

As a retirement community, Schweer can market proximity to numerous amenities with such as: living within 1000’ and a short golf cart ride to a 9-hole golf course with conceptual plans for an additional 9 holes; Walker Lake is a few miles north for boating and fishing with Lake Tahoe just 3 hours away; the world-class gaming and entertainment centers of Las Vegas and Reno are within short drives; access to world class skiing at Lake Tahoe and Mammoth is within a half-day drive; and the Sierras, and Yosemite and Death Valley National Parks are also within a half-day drive; Los Angies and San Francisco are within a 4 to 8 hour drive; etc.

1.3 **Housing Uses**

Until the market clearly expresses a preference, it is recommended a housing use strategy for Schweer be considered which targets multiple market segments by promoting seasonal and year round occupancy. An allocation of units could be configured that the (15) 2-bedroom duplexes (30 units) be leased to seasonal retirees and/or to pre-retirees and that the (10) 3- and 4-bedroom duplexes (20 units) be leased to year round retirees. This approach reserves the additional bedroom space for storage which long-term residents using Schweer as a home and retirement base would likely require.

2.0 **Achieving “Highest and Best Use”**

It is realistic to believe that Mineral County could attract a bona fide developer to redevelop Schweer into a retirement community with private investment. It is recommended that Mineral County request letters of interest from potential developers in order to determine the nature of the market potential of Schweer as a retirement community. It is understood that there has been interest to
expand the 9-hole golf course to 18 holes. It is recommended that a conceptual layout for the additional 9-hours be designed. Proximity to an 18 hole golf course will attract bona fide developers from California, Reno, Las Vegas and/or from local parties.

<table>
<thead>
<tr>
<th></th>
<th># of Structures</th>
<th># of Units</th>
<th># of Bedrooms</th>
<th>Per Unit sq.ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Duplexes</td>
<td>25</td>
<td>50</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>#2-bedroom units</td>
<td>15</td>
<td>30</td>
<td>60</td>
<td>1,310</td>
</tr>
<tr>
<td>#3-bedroom units</td>
<td>5</td>
<td>10</td>
<td>30</td>
<td>1,466</td>
</tr>
<tr>
<td>#4-bedroom units</td>
<td>5</td>
<td>10</td>
<td>40</td>
<td>1,640</td>
</tr>
</tbody>
</table>

3.0 **Alternative Conceptual Uses for Schweer**

- A Regional Juvenile Detention Center
- A “Boot-camp” style youth camp
- A year-round residential preparatory school for youth
- A seasonal residential training camp or educational center that exploits the high-altitude location and proximity to wilderness and mountains
- A university-affiliated, residential science center offering proximity to the extraordinary diverse mineral and geothermal resources in the area
- Rental Housing Complex marketed to one or more of the following potential segments:
  - A short- to medium-term Elder and/or Youth Hostel
  - Year-round single families to meet current and projected housing demand
  - Owner-Occupied Housing Complex marketed to medium-income households from one or more of the following potential segments:
    - Seasonal second homes to non-residents
    - Year round homes to residents
    - Condo-Style multi-family close to golf course
### 4.0 Potential Reuse Financial Potential

#### 4.1 Schweer Rent Revenue Potential

<table>
<thead>
<tr>
<th>Units</th>
<th>#</th>
<th>Monthly Rent</th>
<th>Annual Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Bedroom</td>
<td>30</td>
<td>$300</td>
<td>$108,000</td>
</tr>
<tr>
<td>3-Bedroom</td>
<td>10</td>
<td>$350</td>
<td>$42,000</td>
</tr>
<tr>
<td>4-Bedroom</td>
<td>10</td>
<td>$400</td>
<td>$48,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$198,000</strong></td>
</tr>
</tbody>
</table>

#### 4.2 Schweer Sales Potential

<table>
<thead>
<tr>
<th>Units</th>
<th>#</th>
<th>Unit Value</th>
<th>Site Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Bedroom Units</td>
<td>30</td>
<td>$35,000</td>
<td>$1,050,000</td>
</tr>
<tr>
<td>3-Bedroom Units</td>
<td>10</td>
<td>$40,000</td>
<td>$400,000</td>
</tr>
<tr>
<td>4-Bedroom Units</td>
<td>10</td>
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<td><strong>Total</strong></td>
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#### 4.3 Schweer Assessed Valuation Estimate

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<th>Value</th>
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<td>25 Duplexes</td>
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<tr>
<td>Land</td>
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<td><strong>Total</strong></td>
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[End of Part 4]
Appendix
New Limited C/M-1 Overlay

**Intent and purpose.** This zone would be intended for light industrial and limited commercial uses wherein operations are such that they be compatible with adjacent residential environs of the community.

**Uses permitted.** Within the area covered by the terms of this section, all buildings, structures and land shall be used and buildings and structures shall hereafter be erected, designed, structurally altered or enlarged only for the following uses:

(A) Light Manufacturing:
   (a) Auto painting (conducted wholly within an enclosed building)
   (b) Auto upholstery
   (c) Bakery (wholesale)
   (d) Boat building and repairs.
   (e) Cabinet shop
   (f) Ceramic products manufacture
   (g) Light electronic manufacturing
   (h) Food products manufacture
   (i) Garment and shoe manufacturing
   (j) Lumberyard, including milling
   (k) Sign manufacturing
   (l) Textiles
   (m) Tire recapping, retreading and rebuilding
   (n) Upholstery
   (o) Welding shop
   (p) Compounding, assembly or treatment of articles or merchandise from the following previously prepared materials: Bone, cloth, cellophane, cork, feathers, felt, fiber, fur, glass, hair, horns, leather, metal, paper, plaster, plastics, shells, stones (precious or semi-precious), textiles, tobacco, wood and yarns

(B) Processing
   (1) Blueprinting or photocopying
   (2) Carpet and rug cleaning plant
   (3) Cleaning and dyeing plants
   (4) Dairy products
   (5) Food processing
   (6) Laboratory (chemical or scientific)
   (7) Water softening
   (8) Greenhouse (no retail sales)

(C) Wholesaling, warehousing and storage (all outdoor storage
including machinery and equipment shall be enclosed within walls or fences):

1. Wholesaling and warehousing facilities
2. Distribution agencies
3. Contractors storage yard
4. Building materials
5. Feed and fuel
6. Lumber yard
7. Machinery and equipment rental
8. Draying and freight yard
9. Bus storage

(D) Utilities:
1. Distribution plant or subsection
2. Service yard

(E) Commercial and Services:
1. Automotive body repair
2. Automotive sales and services
3. Commercial uses customarily incidental to and directly related to the operation of permitted light industrial uses
4. Administrative or sales office related to a permitted industrial use

(F) Other:
1. Small animal hospital
2. Printing and publishing
3. Research
4. Motion picture studios, including video and photographic studios (excluding retail sales) when conducted within an enclosed building
5. Uses incidental to industrial uses such as infirmary, dispensary, lunch room, employee recreation facilities and residential uses for plant security personnel;

Property Development Standards. The following property development standards shall apply to all land and structures in the Limited C/M-1 zone:

(A) Lot Area. Each lot shall have minimum of seven thousand five hundred square feet;

(B) Lot Width. Each lot shall have a minimum width of fifty feet;

(C) Building Height. No building or structure erected in this zone shall have a height greater than thirty-five feet;

(D) Yards. To be determined.
R-1 HO  Home Occupation Overlay Zone

Intent and Purpose. Provisions of the “Home Occupation Overlay Zone” would allow limited commercial and industrial-type enterprises in areas with mixed residential, commercial and industrial uses. These provisions would protect the rights of residents to engage in new, and expand existing, home occupations while limiting incompatible and conflicting land uses. These provisions would also reduce traffic on arterial streets by allowing uses which permit residents to work at their dwellings. Importantly, home occupations are not intended to change the character or adversely affect the residential uses within the permitted zone.

Definition. “Home occupation” would mean any use primarily conducted within an enclosed area of a dwelling or in an accessory structure, provided that the dwelling is the principal domicile of one of those practicing the home occupation.

Minimum Conditions. Any home occupation would be required to conform to minimum conditions such as the following:

1. All home occupations are to be conducted within or as an accessory use to a residential use unless as provided for in this section.

2. There shall be no unsightly exterior evidence of the conduct of a rural home occupation. In uses where outdoor storage is permitted, fences or landscaping shall screen any materials from adjacent properties.

3. Electrical or mechanical equipment which creates visible or audible interference in radio or television receivers or causes fluctuations in line voltage outside the dwelling unit is prohibited.

4. A Home Occupation shall not adversely impact vehicular or pedestrian traffic in the district in which it is located.

5. Signage shall be limited to six square feet per sign with no more than two signs per property. Said signage shall be subject to an administrative use permit.

Minimum Performance Standards.
Any proposal shall be required to adhere to the Performance Standards of the Mi-A Zone at a minimum.

Additional standards may be imposed to protect the residential character of the neighborhood.

**Uses permitted subject to a conditional use permit.** The following list contains permitted home occupations subject to the approval of a conditional use permit. In addition, remodels of structures containing Home Occupations which result in more than a ten percent expansion of the structure will require a Conditional Use Permit to continue the home occupation activity.

(a) Ceramic products and kiln, other than a shuttle kiln
(b) Sign manufacturing
(c) Textiles (craft) manufacturing
(d) Custom dress making, millinery and tailoring
(e) Arts and handicrafts
(f) Greenhouse, nursery and landscaping storage area
(g) Artist's studio
(h) Classes in conjunction with the permitted use, limited to 6 students, four hours per week
(i) Consultants, professional and personal services
(j) Cabinet shop
(k) Assembly and repair of small items
(l) Storage and use of business records
(m) Kennels and Catteries
(n) Aviaries
(o) Boarding and training of horses
(p) Such other uses as the Planning Commission may deem, after conducting a public hearing, to be similar to and no more obnoxious or detrimental to the public health, safety and welfare than the above listed uses.