LORRAINE T. HUNT
Lieutenant Governor

CHAIR
Nevada Commission on
Economic Development

CHAIR
Nevada Commission on
Tourism

VICE CHAIR
Board of Directors
Nevada Department of
Transportation

STATE OF NEVADA

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OFFICE OF THE LIEUTENANT GOVERNOR

July 8, 2005

Commissioner Philip Coyle
Base Closure and Realignment Commission
2521 S. Clark St., Ste. 600
Arlington, VA 22202

Dear Commissioner Coyle,

Thank you for visiting Nevada for your site visit to assess the Base Closure and Realignment Commission recommendations involving the Nevada Air National Guard and the Hawthorne Army Depot.

All Nevadans appreciate your attention in this matter that is vitally important to the safety and security of our State and our Nation. I would like to urge your strong consideration of the facts and viewpoints presented by Governor Kenny Guinn and other leaders from Nevada.

I believe an accurate and objective review of the BRAC recommendations will result in reversal of the decisions regarding the Nevada Air National Guard and the Hawthorne Army Depot.

As Lieutenant Governor and as chair of the Nevada Commission on Economic Development, I can personally attest to the fact that the BRAC recommendations will create severe and unfair economic impacts, especially on the citizens of Hawthorne, Nevada. I am personally aware of the unparalleled patriotism and love for the service to our Country held by the people of Hawthorne. Further, the economic impact of closing the Hawthorne Army Depot has been extremely underestimated.

Once more, I would like to thank you for visiting Nevada. I appreciate your gesture to personally inspect the facilities and hear from leaders and citizens from Nevada. Finally, I again urge you and the other members of the Base Closure and Realignment Commission to reconsider the recommendations involving the Nevada Air National Guard and the Hawthorne Army Depot.

Sincerely,

Lorraine T. Hunt

LORRAINE T. HUNT
Lieutenant Governor

JIM GIBBONS
2ND DISTRICT, NEVADA

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DONATE

STATEMENT BY CONGRESSMAN JIM GIBBONS
BRAC COMMISSION SITE VISIT TO HAWTHORNE
JULY 11, 2005

First, I extend my gratitude to the Honorable Philip Coyle for representing the Base Realignment and Closure Commission in his visit here today. He and the other commissioners deserve our thanks for volunteering to be a part of this critical and important process in the service of our nation.

Today I am pleased to again join with the other members of Nevada's Congressional Delegation in asking the Commission for its strongest consideration of the facts presented in regard to the Department of Defense (DoD) proposals for "realignment" of the 152nd Air Wing in Reno and closure of Hawthorne Army Depot. After careful review of the DoD selection criteria, I believe "substantial deviations" are apparent regarding the selection criteria set forth by Congress.

The full commission, meeting at Clovis, New Mexico, last month, has already heard detailed testimony from Nevadans concerned with both bases regarding serious errors in fact-finding resulting in erroneous conclusions reached by the DoD in its recommendations to the commission.

Air National Guard C-130s, the foundation of the 152nd Air Wing in Reno, are vital not only to national defense but also to the Guard's Homeland Security mission and response to natural disasters in Nevada. Importantly, the Guard shares its airlift and other capabilities with neighboring Western states and other branches of the U.S. Armed Forces.

Regarding Hawthorne, the DoD appears to have seriously underestimated the amount of munitions stored here and the cost of relocating them. Information contradicting the DoD report has already been presented to the commission in detail.

Also of major consideration regarding Hawthorne Army Depot is DoD's grossly underestimated impact in terms of jobs that would be lost if the depot were to close and the economic impact upon Hawthorne and Mineral County. Survival of the community is truly at stake if the depot closes.

I believe Nevadans have presented significant evidence of the lack of consideration of critical selection criteria regarding both of these military installations.

Presentations Nevadans made at the BRAC hearing in Clovis were undoubtedly instrumental in persuading Commissioner Coyle of the need for today's site visit. I trust that what he has learned here will also be persuasive, and that he will share that information with other commissioners as a recommendation that these vital bases remain intact because of their military value to the United States of America.

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DINA TITUS
SENATOR
Clark No. 7

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Seventy-first Session

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DCN: 5172

July 11, 2005

The Honorable Anthony J. Principi
Chairman
Defense Base Closure and Realignment Commission
2521 South Clark Street, Suite 600
Arlington, VA 22202

Subj: RENO ANGB AND HAWTHORNE ARMY DEPOT

Dear Mr. Chairman:

I am providing my strongest support for keeping the eight C-130 aircraft at the Reno Air National Guard Base (ANGB), and for removing Hawthorne Army Depot from the closure list.

The Reno ANGB can support up to twelve C-130 aircraft with ongoing host-tenant agreements. The flexibility, response and contribution of these aircraft, people and mission to the state as well as national security are vital. The state uses these capabilities for fire fighting and emergency response to mention just two important contributions.

The Hawthorne Army Depot has important and current military value in the joint use by all four branches of the service. It is used extensively by the U.S. Navy and U.S. Marine Corps in pre-Afghanistan training and other areas associated with the Global War on Terrorism. Its value as an ordnance depot is highlighted by its premier de-militarization facilities and fast ordnance response capability to the U.S. Pacific Fleet to again mention just two important resources. Finally, the economic impact to the Hawthorne community would be devastating, and is incorrectly reported in previous documents. The Nevada State assessment is a 70% - 75% direct and indirect job loss to the community using verified numbers. The significant military value coupled with the unaddressed community impact should be enough for reconsideration to keep Hawthorne open.

I appreciate your consideration in this matter and the site visits by Commissioner Coyle. Please feel free to contact me at any time on these important issues

Most sincerely,

Dina Titus
State Senate Minority Leader

Board of
MINERAL COUNTY COMMISSIONERS

DCN: 5172

RICHARD BRYANT, CHAIRMAN
NANCY BLACK, Vice-Chairman
EDWARD FOWLER, Member

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GOVERNING BOARD FOR THE TOWNS OF
HAWTHORNE, WALKER LAKE, LUNING
AND MINA
LIQUOR BOARD AND GAMING BOARD

July 11, 2005

Commissioner Coyle
BRAC Commission
Suite 600
Arlington, Va. 22202

Re: BRAC closure listing for Hawthorne Army Depot

Commissioner Coyle,

On behalf of Mineral County and the Mineral County Board of Commissioners, it is with pleasure that I welcome you to Hawthorne, Nevada, "America's Patriotic Home", and home to the Hawthorne Army Depot. This County and Army Depot have given the Department of Defense over seventy-five (75) years of dedicated true military value, and we are just getting started. We are truly grateful for your decision to visit us.

I recognize that you and the Commission have been overwhelmed with data and materials that address and correct the inaccurate data provided you by DOD recommending closure for HWAD, to include this Board's letter of June 20, 2005. (Copy Attached)

It is this Board's decision that we will let the facts and data as outlined and presented speak for themselves. There are, however, a few areas that we wish to address.

Two key areas in determining an installation's military value were (1) the ability to expand both it's mission and it's borders, and (2) the all-important encroachment condition, both present and future.

Hawthorne Army Depot has ample room to expand, both inside and outside it's current boundaries to accommodate virtually any mission and/or assignment. This Board is currently in negotiations with the Army for the withdrawal of 10,000 acres of privately owned land and up to 142,000 acres of BLM lands adjacent to the HWAD. This land withdrawal would greatly enhance the fast-growing multi-sevices training and testing missions at HWAD, and would result in ABSOLUTELY NO ENCROACHMENT ON ANY COMMUNITY WITHIN THE COUNTY OR SURROUNDING AREA

CURRENT OR FUTURE. What other installation can request the withdrawal of an additional 152,000 acres to expand it's mission capabilities, and receive the blessing of the surrounding communities, with no encroachment, present or future?

It appears from all available data that the decision to place HWAD on the closure listing was made first, and then data compiled to attempt to justify that decision. How can HWAD be rated lst and 2nd in military value by the Military Capabilities Report of 2005 and then be selected for closure based upon military value? Is there something that DOD is not telling us?

The original DOD recommendations clearly appear to discriminate against facilities that have been privatized or contracted out, and as such, are seemingly in direct conflict with previous directives/recommendations that direct the DOD to expand it's privatization and contracting out efforts to make DOD more efficient and reduce costs. Day & Zimmermann have contracts to operate five (5) installations to include HWAD, and ALL FIVE WERE RECOMMENDED FOR CLOSURE. Are we to believe this is just a coincidence? It is not only very conspicuous, it is very suspicious. Does this mean that privatization of an installation is just a step in closure process for that installation? The closure of these five installations also send the message that the DOD is not only willing, but is directing that installation closure costs be passed on to the private sector whenever possible.

No other community or County affected by the recommendations is faced with the level of negative economic impact Hawthorne and Mineral County will sustain if HWAD is closed. These are just some of the impact:

. loss of over 50% of jobs in area
. huge drop in property values and the ensuing decrease of assessed valuation for taxes
. default on school bond
. closure of all quality of life entities to include libraries, parks, museums, and youth Programs
. closure or downsizing of County Hospital
. loss of medical and dental service providers
. loss of paid fire department which will result is skyrocketing home and business Insurance costs
. huge loss of revenue for public schools
. loss of Community College programs
. at least a doubling of water, sewer, and garbage collection fees
. large increase in Landfill Assessment
. downsizing or loss of our only food market and pharmacy (Safeway Store)
. and the list goes on

This community has already experienced the devastating nightmare caused by loss of workload at HWAD. When this installation went contract, Hawthorne had three new car dealerships, none today. We had three food stores , three pharmacies, and one drug store, one food store with a pharmacy today, we had a very low tax rate, we are maxed today, and so on. It appears that DOD is going for the kill this time around. And who will be

the recipient of all this? People who dedicated themselves to DOD directly or indirectly for 10,20, 30, 40 years at HWAD and chose to live and/or retire here. One heck of a "thank you" by DOD.

This Board requests that the BRAC Commission review and study all of the data provided, and make a decision based upon that review. We are confident that the result will be removal of HWAD from the closure list.

Again, thank you for your visit.

Respectfully,

Richard D. Bryant
Board Chairman

DCN: 5172

MINERAL COUNTY Board of COMMISSIONERS

RICHARD BRYANT, CHAIRMAN
NANCY BLACK, Vice-Chairman
EDWARD FOWLER, Member

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GOVERNING BOARD FOR THE TOWNS OF
HAWTHORNE, WALKER LAKE, LUNING
AND MINA
LIQUOR BOARD AND GAMING BOARD

June 20, 2005

BRAC Commission
2521 S. Clark St
Suite 600
Arlington, Va. 22202

Re: BRAC closure listing for Hawthorne Army Depot

Sir:

It was with dismay that the Mineral County Board of Commissioners reviewed the published Department of Defense recommendation that the Hawthorne Army Depot in Hawthorne, Nevada be closed. Hawthorne is the County seat in Mineral County, and at approximately 4,000 in population, is by far the largest community in Mineral County. Hawthorne is located in a very remote and sparsely populated area of Nevada, about 135 miles south of Reno/Sparks, and 310 miles north of Las Vegas.

After reading your recommendation, and the data provided with it to support your recommendation, this Board was left bewildered with the inaccuracy of the data used to reach and support your recommendation. As such, this Board is compelled to not only question your decision and data, but to protest it as well.

A recent evaluation by the Military Capabilities Report of military installation assets as to their military value rated Hawthorne Army Depot currently as second only to McAlester as a whole, and first in several categories. For future, long term military value, Hawthorne Army Depot was rated as first. What has changed that would explain or justify the loss of all military value, current and/or future?

The BRAC Commission was charged with using an established set of principles in conjunction with military judgment to evaluate each installations' military value, and to use that military value as the primary consideration in making closure and realignment recommendations. From our perspective, it appears that a decision was made to close HWAD, and then to attempt to compile flawed data to support that recommendation. Our community, State, and County leaders have worked long and hard in researching data and developing a response to your recommendation that soundly and accurately address each and every aspect in determining HWAD's military value. All this data was compiled by the Mineral County Economic Development Authority and the Mineral County Chamber of Commerce into a large binder referred to as the "Hawthorne Fact Book". Your Commission will be receiving this document at the Clovis, N.M. hearings.

It is this Board's decision that we, for the most part, will let the facts and data as outlined and presented in the Hawthorne Fact Book speak for themselves. There are, however, a few areas that we wish to address.

Two key areas in determining an installation's military value were the installation's ability to expand both it's mission and it's borders, and also the all-important encroachment condition, both present and future. Hawthorne Army Depot is the Nation's largest Depot, and has ample room to expand to

accommodate virtually any mission. This Board is currently in negotiations with the Commanding Officer, HWAD, for the withdrawal of 10,000 acres of privately owned land and up to 142,000 acres of BLM lands that are adjacent to the south side of the installation. This land withdrawal would accommodate the needs of multi-services training and testing requirements. This would greatly enhance the fast-growing training mission of the Army Depot, and would result in absolutely no encroachment on any community within the County or surrounding area. What other installation can request the withdrawal of an additional 152,000 acres to expand it's mission capabilities, and receive the blessing of the surrounding area, with no encroachment, present or future?

There have been numerous studies conducted on developing more economical methods of conducting business within the Dept. of Defense. Virtually all of these studies/reports have recommended increasing the privatization or "out-sourcing" of installations by going from a GO-GO to a GO-CO operation. Out-sourcing or contracting out facilities has proven to be a very effective cost-cutting tool for managing facilities. Hawthorne Army Depot was one of the first to become a GO-CO twenty-five (25) years ago, and has performed in an outstanding manner and has been an asset to the community and County for this entire time period.

The BRAC closure recommendations, however, appear to be not only conspicuous, but suspicious in relation to the recommendation of expanding GO-CO's. Day & Zimmerman Corp. has had the contract to operate HWAD for twenty-five years. They also have the contract to operate four other facilities, Newport Chemical Plant, Miss. Ammunition Plant, Lone Star Ammunition Plant, and Kansas Ammunition Plant. All five of these GO-CO's were recommended for closure by the BRAC. Are we to believe this was just a coincidence? We believe that it appears that the BRAC Commission is sending out the message that (1)the BRAC Commission is rejecting the directive to out-source, (2) That out-sourcing is the next step to facility closure, and (3)DOD has little regard for the well-being of private sector/contract employees versus that of public sector employees.

It is also troubling that HWAD was apparently the ONLY facility to have alternative scenarios performed, and this with flawed data. HWAD's stocks are destined for Tooele Army Depot. Has the BRAC Commission ever been to Tooele? Our Board Chairman spends a great amount of time in the Salt Lake City area that includes Tooele. Unlike Hawthorne, Tooele is within twenty straight-line miles of over 2 million people, and is already suffering from encroachment. The people in the Salt Lake Valley and surrounding area recognize the value of the land and facilities that comprise the Tooele Army Depot. It would be a very sound bet that by the time the movement of stocks from HWAD to Tooele is completed, DOD will be searching for a location to move Tooele Army Depot and it's missions to, due to the encroachment created by the incredible growth the area is experiencing, and the resultant overwhelming resistance to Tooele's mission, especially Demil. We challenge the BRAC Commission to run an alternative scenario on the facility slated to receive HWAD's stocks.

We, as a Board, are requesting a site visit. We have become very frustrated in our efforts to inquire as to why a site visit was not scheduled for HWAD. One inquiry established criteria of 200 jobs lost before a site visit would be made, and we were at 199. That criteria later changed to 500 jobs lost when told the 199 was not accurate. Factual data shows that the job loss exceeds the 500 level also, but still no site visit. Conservative estimates show that the direct and indirect job loss in the community at about 900, or about 50% of the jobs within the community, and accompanied by the devastating economic impact in all facets of life, services, and government created by this large job loss. This community has dedicated itself to the service and support of the Department of Defense and it's components for over seventy-five (75) years without question or complaint. No other community or County affected by the BRAC Commission recommendations is faced with the level of economic impact Hawthorne will sustain. We will incur a trem.....Haven't we earned a site visit or at least a straight answer?

HWAD's and the County's infrastructure and ability to meet mobilization requirements has been brought into question. Close scrutiny by the BRAC will lay these concerns to rest. Our railroad and highways are sound and well-maintained, and our airport runway was recently expanded to accommodate military airlift and cargo aircraft. HWAD and the community have 75 years of outstanding performance in

meeting mobilization requirements to include manpower and equipment.. The BRAC report contradicts itself in regards to movement of stocks/materials. HWAD seems to get a failing grade for ability to respond for mobilization, but can meet a very ambitious shipping and demil schedule in order to meet the time line for closure.

In closing, we again request that the Hawthorne Fact Book be read and evaluated, and that the BRAC Commission listen to the presentation made at the Clovis hearing with an open mind. We are confident that a review of all data and materials will persuade the Commission of the importance of a site visit, and hopefully eventual removal from the closure listing.

Thank you for your time and attention, and if you have any comments or questions, please do not hesitate to contact any member of the Mineral County Board of Commissioners at any time.

Respectfully,

BOARD OF MINERAL COUNTY COMMISSIONERS

BY _____
RICHARD BRYANT, CHAIRMAN

BY _____
NANCY BLACK, VICE-CHAIRMAN

BY _____
ED FOWLER, MEMBER

Mineral County School District BRAC Presentation

Kenneth Chase School Board President

School funding in Nevada is different. In Nevada property tax is not the sole or main source of funding. Each Nevada school district's funding is based on a support figure set by the State. Next year our funding is $6175 per pupil. Part comes from within the District, most comes from the State.

Our current student population is 684 students, 80 in Schurz the rest in Hawthorne.

Using the States Regional Economic Models Inc., or REMI, and the Districts information, we project we would lose at least 65% of our students.

The School District's projected income would drop from $8,700,000 to $3,000,000. We would lose $5,700,000 in income.

For the District to continue functioning we would need to do the following:

1. Consolidate the buildings into a K to 6 school and a 7 to 12 school.
2. Close the Elementary Jr. High complex.
3. Cut 65% of all staff in all areas.
4. Default on our school bond.
5. Stop paying retirees health insurance premiums.
6. The high school with 75 students would lose many extracurricular activities and almost all special classes.
7. Poverty is a major problem. Mineral County leads the State with a poverty rate of 27%. The Walker River Piaute Indian Reservation at Schurz has a 56% poverty rate. Both would increase dramatically. This would increase poverty related problems. Yet our resources to deal with these problems would be radically reduced.

Finally, many of our former students have served or are currently serving in the military. Many made it a career. Many used it as a spring board out of poverty. With the Depot gone this opportunity would not be as available to our students.

Thus closing the Hawthorne Army Depot would be a disaster for the schools and the community.

DCN: 5172

Mt. Grant General Hospital

P.O. Box 1510, First and A Streets
Hawthorne, Nevada 89415
(775) 945-2461
FAX (775) 945-2359

(OPENING REMARKS):
Thank you, Mr. Coyle, and the BRAC Commission, for the opportunity to express the concern of Mt. Grant General Hospital about the closure of the Hawthorne Depot.

(IMPACT):
Included in the direct impacts to Mt. Grant General Hospital are:

- Reduced revenue,
- Loss of experienced staff,
  and
- Reduction in routine and specialty services offered.

(NARRATIVE):
DZHC is the largest, single insured group in Mineral County. With their elimination the hospital will lose in excess of $1 million per year.

We will lose 15% or more of our employees because of family relocations and we will lose at least one physician. It will be difficult to recruit and retain staff, including physicians and nurses.

We will be forced to reduce or eliminate some of the services we presently provide, such as Home Health and special radiological services, like MRI's. Our Home Health department makes about 5,500 home visits per year. With no home care available, many seniors will be forced to go to other communities that can provide assisted living or nursing home accommodations. Without the availability of MRI and other specialty services, Mineral County

residents will have to travel 75 to 135 miles to receive care from medical specialists.

The hospital will be unable to upgrade outdated equipment and maintain the infrastructure of the facility or provide new patient services as medical technology changes. These things will make it difficult to attract people to Mineral County.

(IN CLOSING):

- Mineral County will be losing its largest employer.
- The hospital will lose over $1 million of revenue per year.
- Many skilled employees will relocate.
- Available medical services will be reduced.

So we ask you, Mr. Coyle, and the BRAC Commission, to include the hospital's concerns with those of the community during your considerations.

The Depot has supplied and supported military missions for over 75 years. Please, give us 75 more! Thank you!

DCN: 5172

Walker River Paiute Tribe

1022 Hospital Road • Post Office Box 220 • Schurz, Nevada 89427
Telephone: (775) 773-2306
Facsimile: (775) 773-2585

July 11, 2005

Dear BRAC Officials,

On behalf of the Walker River Paiute Tribe, I thank you for this opportunity to address the possible closure of the Hawthorne Army Ammunition Depot. The Tribe would like to announce its request to participate as a stakeholder and continue to receive information, monitor and have input during this process.

There are many different concerns of the Tribe regarding the BRAC listing of the depot. For instance, this closure not only impacts the community of Hawthorne but surrounding communities as well. As 6% of the depot workforce is Native American and a majority of this workforce commutes to Hawthorne for work, this would greatly affect the already high unemployment rate of the reservation. Other concerns would include the environmental clean up of the facilities, water, Walker Lake and Mt. Grant. One other major concern would be the status of the railroad that intersects the reservation and the use agreement the Tribe has with the Army.

I believe there needs to be further discussions with the Walker River Paiute Tribe's Tribal Council and Tribal Membership before this process continues, so as to start the Government to Government consultations. Historically, it has been the position of the Tribe that the consultation process does not begin until the Tribe is contacted directly to determine the proper consultation process.

We look forward to your response. Thank You.

Sincerely,

Laurie A. Thom

Laurie A, Thom, Chairman
WALKER RIVER PAIUTE TRIBE

DCN: 5172

A Brief Study of the Impacts Related to the Proposed BRAC Closing of The Hawthorne Army Depot, Mineral County, Nevada

Nevada
Commission on Economic Development

Prepared by:

The Nevada State Demographer's Office and the Nevada Commission on Economic Development

Jeff Hardcastle, Nevada State Demographer

Tim Rubald, CEcD, CMSM, Interim Executive Director and Director of Business Development & Research

Using:

Regional Economic Modeling, Inc. (REMI) 23 Sectors by County

July 11, 2005

Executive Summary

Mineral County in west-central Nevada has been host to the Hawthorne Army Depot for decades. The county contains the community of Hawthorne, which is where the Depot is located, as well as a handful of smaller communities. The county's western boundary line also serves as the state border between California and Nevada. Hawthorne is the county seat and lies 130 miles southeast of the metropolitan area of Reno/Sparks, Nevada. It is approximately 310 miles northwest of Las Vegas, Nevada.

The county in fiscal year 2004-2005 had a total assessed valuation of only $71.5 million[1]. Compare this to the statewide total of approximately $69.7 billion[2], this makes the total contribution of Mineral County, from an assessed value point, approximately one-tenth of one percent of the state's total value. When the similar comparison of population is calculated, the state with 2.2 million and Mineral County having 4,673[3], putting Mineral County at approximately two-tenths of one percent of the state's population, or half the assessed valuation per person as the balance of Nevada.

The significance of this is clear due to the inordinate amount of federal property in the county which doesn't pay taxes, despite the contract operator of the Hawthorne Army Depot paying the portion of the property used by them. This makes the economic activity generated by the Depot that much more valuable compared to a more "normal" economic situation. The relative isolation of the community, as well as the county, simply emphasizes this even more.

Suffice it to say that if the BRAC recommendations are carried out, the community, as well as the county, will suffer greatly unless they are able to develop some sort of alternative use of the significant investment the DOD has in the region. Even with this type of situation, it would take large amounts of capital to develop such an alternative use of those assets and the question arises, from where would the county obtain such capital?

The results of the simulations created in this study show clearly that Mineral County, and of course the town of Hawthorne, as well as other related governmental entities, would suffer the inability to meet minimum operation costs as well as any outstanding debt service. The study further shows that with the significant decline in population of some 70 percent, it is reasonable to assume that a similar fate would await businesses as well as individuals which depend on the cash flow generated by the activity taking place daily on the Depot grounds and around the area.

The study does not address any issues regarding the BRAC Committee's erroneous data calls or any possible debate on those numbers. The study simply shows, clearly, that the community of Mineral County will suffer momentous decline if the Committee's initial recommendation is followed.

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[1] Nevada Department of Taxation, Fiscal Year 2004-2005, Property Tax Rates, for Nevada Local Governments.
[2] Same as above.
[3] Nevada County Population Estimates July 1, 1990 to July 1, 2004; The Nevada State Demographer's Office

The Model

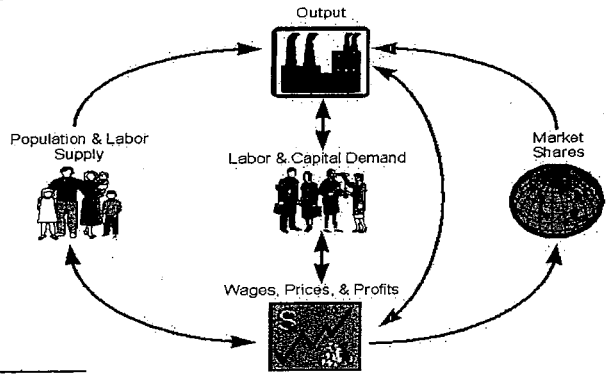
This analysis utilizes a structural economic model of Nevada developed by Regional Economic Models, Inc. (REMI) of Amherst, Massachusetts. The model is maintained by the Commission on Economic Development, the Department of Taxation through the State Demographer, and the Budget Division in the Department of Administration, with initial assistance from the Department of Transportation.

The model contains historical data from 1969 and provides forecasts and policy simulation capabilities through 2035. Shao and Treyz (1993)[4] and Treyz, Rickman, and Shao (1992)[5] provide additional information and documentation about the REMI model.

The REMI model is designed with the objective of improving the quality of research-based decision-making in the private and public sectors. The original REMI model was established in 1980 in response to demand for regional forecasting and simulation models. A precursor to the REMI methodology was first initiated in the mid-1970s and had its first application in the Massachusetts Economic Policy Analysis Model in 1977. The model was subsequently refined for applications by the National Academy of Sciences.

The REMI model incorporates inter-industry transactions and final demand feedbacks. In addition, the model includes substitution among factors of production in response to changes in relative factor costs, migration in response to changes in expected income, wage rate responses to changes in local labor market conditions, and changes in the share of local and export markets in response to changes in regional profitability and production costs.

The flowchart shown below provides a relatively simple overview of the model's structure and how it addresses policy-related questions. The REMI model is composed of output, labor and capital demand, population and labor supply, wage/price/profit, and market share "blocks". These blocks interact with each other to depict region-specific economic structure, and from which a consistent "control" forecast is generated. The model estimates the future impacts of the policy change (in this case, a reduction in electric rates) and generates policy effects by comparing the resulting "alternative" forecast to the control.



[4] Shao, G., and Treyz, G.I. (1993). Building U.S. National and Regional Forecasting Simulation Models. *Economic Systems Research*, 5(1), 63-77.
[5] Treyz, G.I., Rickman, D.S., and Shao, G. (1992). The REMI Economic-Demographic Forecasting and Simulation Model. *International Regional Science Review*, 14(3), 221-253.

Currently, REMI models are available for any county or state, or combination of counties and states, in the U.S. There are numerous and varied users of the REMI model throughout the U.S. There are approximately 35 government agencies which utilize the model, including the States of Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri, New York, Vermont, and Wisconsin. Totally, about 26 consulting firms utilize various versions of the REMI model, as well as 18 universities and non-profit institutions. In addition, some six utility companies also are REMI users. Within Nevada, UNLV's Center for Business and Economic Research maintains a REMI model for southern Nevada.

Specific applications of the REMI model are also quite varied and cover a number of different policy areas including economic development, transportation, energy, the environment, taxation, and others. Specific examples include Nelson, Anderson, and Passmore (1997)[6], Passmore and Anderson (1994)[7]. There are also several applications specific to Nevada, including Rubald (1999)[8], Riddel (2001)[9], and Schwer (2001)[10].

The widespread use of the REMI methodology throughout the U.S. has led to extensive documentation of its value in socioeconomic analysis. The South Coast Air Quality Management District commissioned a study by the Massachusetts Institute of Technology designed to evaluate the REMI methodology and the entire socioeconomic analysis system used to obtain the impacts of implementing air pollution controls on the Los Angeles Basin (See Polenske, *et al* (1992)[11]). The study evaluated REMI and other socioeconomic analysis models and identified "...seven features often unavailable in many other microcomputer-based regional forecasting models":

- It is calibrated to local conditions using a relatively large amount of local data, which is likely to improve its performance, especially under conditions of structural economic change.
- It has an exceptionally strong theoretical foundation.
- It actually combines several different kinds of analytical tools (including economic-base, input-output, and econometric models), allowing it to take advantage of each specific method's strengths and compensate for its weaknesses.

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[6] Nelson, J.P., Anderson, W.D., and Passmore, D.L. (1997). Economic Development and Air Pollution Abatement: A State-Level Policy Simulation of the 1990 Clean Air Act. *The Journal of Environment and Development*, 6(1), 61-84.
[7] Passmore, D.L. and Anderson, W.D. (1994). What if it All Works? The Economic Stakes for Pennsylvania School Reform. *Pennsylvania Educational Leadership*, 14(1), 32-38.
[8] Rubald, T. (1999). Does Economic Development Pay for Itself in Nevada?. A research paper presented at the 1999 Annual Governor's Conference on Economic Development.
[9] Riddel, M. (2001). The Impact of the Maglev Train on the Economy of Southern Nevada: A Focus on Tourism Impacts. A research paper presented at the REMI Educational Seminar and Workskhop.
[10] Schwer, R.K. (2001). The First Mile is Free: An Analysis of the VentureStar Project. A research paper presented at the REMI Educational Seminar and Workskhop.
[11] Polenske, K.R. *et* al. (1992). Evaluation of the South Coast Air Quality Management District's Methods of Assessing Socioeconomic Impacts of District Rules and Regulations: Volume I, Summary Findings and Volume II, Technical Appendices.

- It allows users to manipulate an unusually large number of input variables and gives forecasts for an unusually large number of output variables.
- It allows the user to generate forecasts for any combination of future years, allowing the user special flexibility in analyzing the timing of economic impacts.
- It accounts for business cycles.
- It has been used by a large number of users under diverse conditions and has proven to perform acceptably.

Approach

The model is available at various levels of industry detail, 23, 70, and 169 levels of industries based upon the North American Industrial Classification System (NAICS). In this study, a 23 sector model was used including Nevada's 17 counties. The model history is shortened compared to earlier versions but the economic theory is based on over 20 years of economic modeling experience by REMI. The model allows for updating county and national employment levels to reflect employment information that may become available to the user since the model was built. There are 155 policy variables that can be used to conduct scenarios to look at economic impacts.

An attempt was made to update the model with a number of significant economic activities in the state, region, and immediate area. This is a normal situation with REMI due to the fact the model is built initially with the most current data available from national sources but oftentimes local sources provide updated information.

In this case, national and county employment was updated using the Regional Information System (REIS) data from the U.S. Bureau of Economic Analysis for 2001 and 2002. The REIS data is used in building the REMI model and includes the full range of employment including proprietors. For 2003 and 2004 the update was done using employment data from the Nevada Department of Employment Security (DETR). This data is for covered employment and does not normally include proprietors. The DETR data was compared to REIS data to establish a proportional relationship and the proportion was applied to the 2003 and 2004 data to approximate the REIS data.

In addition to the updated employment information, the model has been run to create a baseline scenario that includes the proposed increase in hotel rooms through 2010 for Clark County. This created an updated baseline scenario against which simulations for Mineral County can be compared. The other baseline is what the model shows without doing any changes, that is, an "out of the box" baseline scenario.

There were three simulations run for Mineral County. The first included the expected private school proposed for the area and the High Desert Operations Center. Both of these

enterprises were included in the model as Educational Services. The assumption for this was that there are 12 employees in 2005, 55 in 2006, and 110 thereafter. The other two scenarios involved the base closing. One was with only the updated employment and the Depot closing, that is, there are no new educational establishments as businesses in Mineral County. The other was to have the Depot closing, but the educational establishments continue as businesses in the area. All the scenarios have different employment and population impacts.

Because of the prominence of the Depot, the model may be overstating its employment overtime. This is partly due to REMI having to deal with data suppression issues and the role of the Depot in the short economic history. The Depot is classified as Administration and Waste Services. The employment at BAE Systems was classified as Professional and Technical Services. Also considered was the civilian employment. The employees that were subtracted beginning in 2011 are shown in the table below.

Hawthorne Direct Employment Losses

	Admin, Waste Services	Profess, Tech Services	Civilian
2011	634	20	45
2012	636	20	45
2013	633	20	45
2014	631	20	45
2015	629	20	45
2016	626	20	45
2017	623	20	45
2018	620	20	45
2019	617	20	45
2020	613	20	45
2021	610	20	45
2022	606	20	45
2023	602	20	45
2024	599	20	45
2025	595	20	45
2026	592	20	45
2027	589	20	45
2028	587	20	45
2029	585	20	45
2030	583	20	45
2031	581	20	45
2032	579	20	45
2033	578	20	45
2034	576	20	45
2035	574	20	45

The study is limited to the impacts of the Depot closing in Mineral County. The impact of the closure on other counties is not included in this report. It appears that because of the

limited industry detail, a limited number of the jobs in the Administrative and Waste Services category that are lost in Mineral County are added into other counties. This transfer of jobs would likely not occur with a better ability to model the impacts with greater detail, such as running the simulation on a 70 or 169 level of industry classification. The model was run to 2035 as part of a larger process for developing Nevada's population projections by the State Demographer's office. The REMI model is based on Federal data and the population estimates in the model are based on Census data and are not the same as the estimates developed by the State Demographer's office.

Outputs and Results

Depending on the possible development of other industries, which at this time the best opportunity for Mineral County appears to be Educational Services, there are a number of potential impacts that appear to happen as a result of the Depot closing. The model has the Depot loosing 699 jobs in 2011 and is displayed in more detail in the following pages.

Of particular significance, the model shows Mineral County, in 2035, under a base closing simulation, to appear as follows:

1. **There will be a loss of 1,116 to 1,224 jobs, or an additional .75 jobs lost for every job lost at the Depot.**
2. **The population will decrease by more than 70% to somewhere around 1,300 people.**
3. **The remaining population will be a much older population with over 38% of the population being 65 and over and a median age of 50 years compared to a current median age of 40.**

The change of demographics and workforce of a community that drastic is very significant. Unless something in the simulation inputs changes over time, such as not closing the Depot or somehow being able to replace its economic contribution to the region, it is painfully obvious the region will not survive economically.

The following tables show the results of the simulations, and impacts of the closure of the Depot. The following tables show the different baselines and the different scenarios for 2005. All values are reported as thousands in the following tables. Table One shows the levels in the scenarios for 2005. Table Two shows Mineral County in 2035. Table Three shows the differences between 2005 and 2035. Table Four shows the percentage differences for Mineral County by 2035. Table Five shows the age composition in 2005 and 2035.

TABLE ONE – MINERAL COUNTY 2005

	REMI "Out of the Box"	Employment Updated for All Counties	Updated Employment with Base Closure	Education Jobs Coming Into Mineral	Education Jobs with Base Closure
Variable	**2005**	**2005**	**2005**	**2005**	**2005**
Total Emp (Thous)	2.277	2.465	2.465	2.478	2.478
Variable	**2005**	**2005**	**2005**	**2005**	**2005**
Population (Thous)	3.809	3.886	3.886	3.888	3.888
Labor Force	1.788	1.859	1.859	1.861	1.861
Variable	**2005**	**2005**	**2005**	**2005**	**2005**
Profess, Tech Services	0.055	0.066	0.067	0.067	0.067
Mngmt of Co, Enter	0	0	0	0	0
Admin, Waste Services	0.545	0.614	0.614	0.614	0.614
Educational Services	0	0	0	0.012	0.012
Health Care, Social Asst	0.133	0.125	0.125	0.125	0.125
Arts, Enter, Rec	0.089	0.099	0.098	0.098	0.098
Accom, Food Services	0.167	0.171	0.171	0.171	0.171
Other Services (excl Gov)	0.099	0.073	0.073	0.073	0.073
Variable	**2005**	**2005**	**2005**	**2005**	**2005**
Ages 0-14	0.555	0.575	0.575	0.575	0.575
Ages 15-24	0.635	0.650	0.650	0.650	0.650
Ages 25-64	1.790	1.831	1.831	1.832	1.832
Ages 65 & Older	0.830	0.830	0.830	0.830	0.830
Total Population	3.810	3.886	3.886	3.887	3.887

Table One simply shows Mineral County in its current status. It's important to note that in this chart the base closure doesn't change the output numbers at all which is what would be expected considering the possible event, the modeled event, hasn't taken place at this point in time. Other tables take this possible event into consideration and then compare the two situations over the thirty year period of time.

TABLE TWO – MINERAL COUNTY 2035

	REMI "Out of the Box"	Employment Updated for All Counties	Updated Employment with Base Closure	Education Jobs Coming Into Mineral	Education Jobs with Base Closure
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Total Emp (Thous)	2.037	2.239	1.241	2.353	1.362
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Population (Thous)	2.295	2.397	1.038	2.478	1.122
Labor Force	1.320	1.401	0.593	1.458	0.652
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Profess, Tech Services	0.09	0.109	0.075	0.11	0.076
Mngmt of Co, Enter	0	0	0	0	0
Admin, Waste Services	0.518	0.574	0	0.575	0
Educational Services	0	0	0	0.103	0.101
Health Care, Social Asst	0.221	0.209	0.174	0.21	0.176
Arts, Enter, Rec	0.088	0.096	0.083	0.096	0.084
Accom, Food Services	0.160	0.162	0.129	0.162	0.130
Other Services (excl Gov)	0.066	0.048	0.036	0.048	0.037
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Ages 0-14	0.384	0.401	0.137	0.414	0.153
Ages 15-24	0.342	0.353	0.140	0.365	0.152
Ages 25-64	1.091	1.152	0.360	1.201	0.407
Ages 65 & Older	0.477	0.491	0.401	0.498	0.410
Total Population	2.294	2.397	1.038	2.478	1.122

The columns "REMI 'Out of the Box'," "Employment Updated for All Counties," and "Education Jobs Coming Into Mineral County," all three anticipate there will be no base closure and no other significant changes in the economy. "Updated Employment with Base Closure" and "Education Jobs with Base Closure," both show the effects of the Depot closing; the first without the expected new educational sector jobs and the last column reflects the influx of the anticipated new jobs.

TABLE THREE – DIFFERENCES BETWEEN 2035 AND 2005

	REMI "Out of the Box"	Employment Updated for All Counties	Updated Employment with Base Closure	Education Jobs Coming Into Mineral	Education Jobs with Base Closure
Variable	**2035**	**2035 vs. 2005**	**2035 vs. 2005**	**2035 vs. 2005**	**2035 vs. 2005**
Total Employment (Thous)	-0.240	-0.226	-1.224	-0.125	-1.116
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Population (Thous)	-1.514	-1.489	-2.848	-1.41	-2.766
Labor Force	-0.468	-0.458	-1.266	-0.403	-1.209
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Profess, Tech Services	0.035	0.043	0.008	0.043	0.009
Mngmt of Co, Enter	0	0	0	0	0
Admin, Waste Services	-0.027	-0.04	-0.614	-0.039	-0.614
Educational Services	0	0	0	0.091	0.089
Health Care, Social Asst	0.088	0.084	0.049	0.085	0.051
Arts, Enter, Rec	-0.001	-0.003	-0.015	-0.002	-0.014
Accom, Food Services	-0.007	-0.009	-0.042	-0.009	-0.041
Other Services (excl Gov)	-0.033	-0.025	-0.037	-0.025	-0.036
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Ages 0-14	-0.171	-0.174	-0.438	-0.161	-0.422
Ages 15-24	-0.293	-0.297	-0.510	-0.285	-0.498
Ages 25-64	-0.699	-0.679	-1.471	-0.631	-1.425
Ages 65 & Older	-0.353	-0.339	-0.429	-0.332	-0.420
Total Population	-1.516	-1.489	-2.848	-1.409	-2.765

If the Depot continues on its currently anticipated path with the BRAC recommendation, closing, Table Three shows the results of this in the "Updated Employment with Base Closure and "Education Jobs with Base Closure" columns. The total population of the county will decrease by somewhere between 2,765 to 2,848 people.

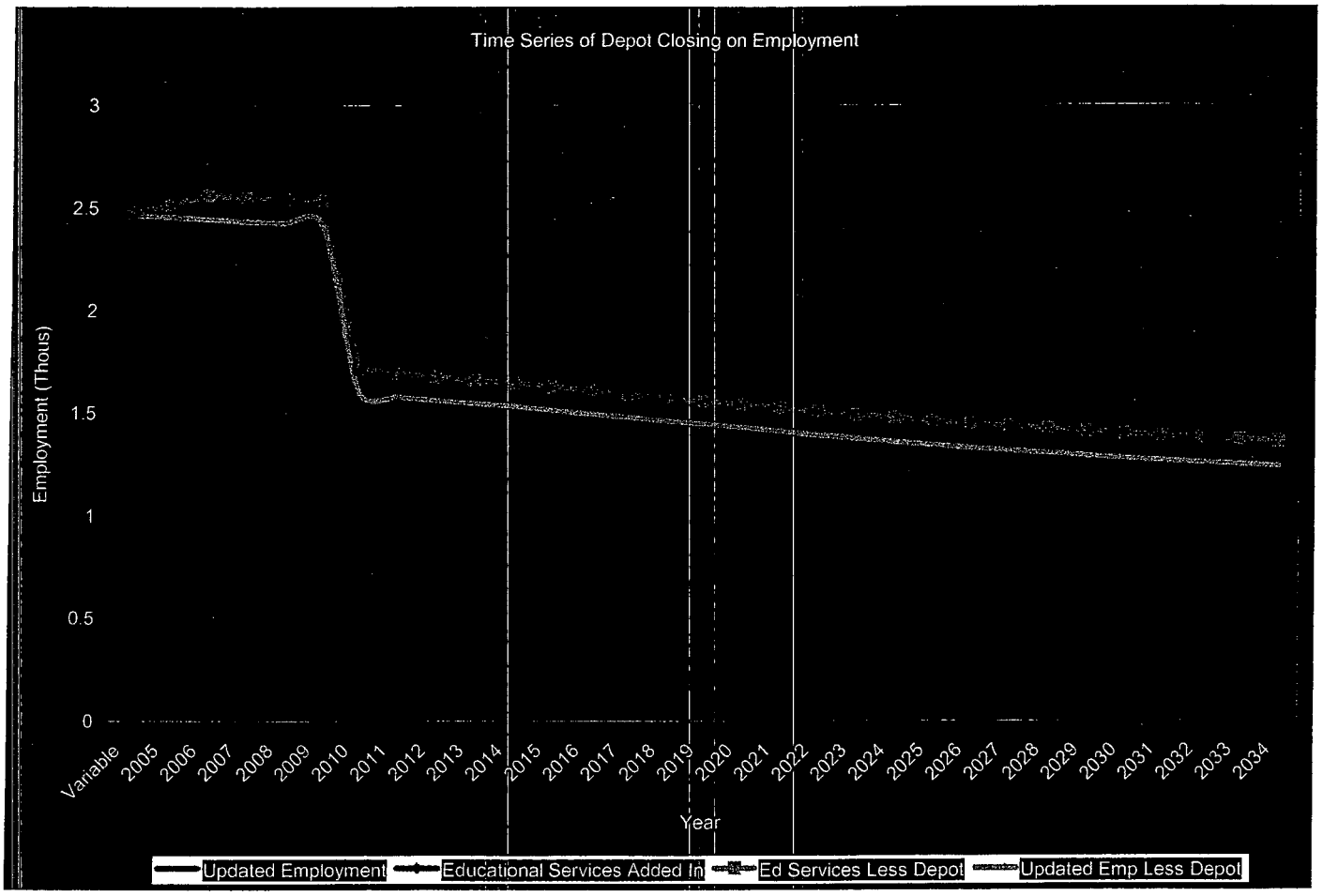
TABLE FOUR – PERCENTAGE CHANGE FROM 2005 to 2035

	REMI Out of the Box	Employment Updated for All Counties	Updated Employment with Base Closure	Education Jobs Coming Into Mineral	Education Jobs with Base Closure
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Total Empl. (Thous)	-10.5%	-9.2%	-49.7%	-5.0%	-45.0%
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Population (Thous)	-39.7%	-38.3%	-73.3%	-36.3%	-71.1%
Labor Force	-26.2%	-24.6%	-68.1%	-21.7%	-65.0%
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Profess, Tech Services	63.6%	65.2%	11.9%	64.2%	13.4%
Mngmt of Co, Enter	0.0%	0.0%	0.0%	0.0%	0.0%
Admin, Waste Services	-5.0%	-6.5%	-100.0%	-6.4%	-100.0%
Educational Services	0.0%	0.0%	0.0%	0.0%	0.0%
Health Care, Social Asst.	66.2%	67.2%	39.2%	68.0%	40.8%
Arts, Enter, Rec	-1.1%	-3.0%	-15.3%	-2.0%	-14.3%
Accom, Food Services	-4.2%	-5.3%	-24.6%	-5.3%	-24.0%
Other Services (excl Gov)	-33.3%	-34.2%	-50.7%	-34.2%	-49.3%
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Ages 0-14	-30.8%	-30.3%	-76.2%	-28.0%	-73.4%
Ages 15-24	-46.1%	-45.7%	-78.5%	-43.8%	-76.6%
Ages 25-64	-39.1%	-37.1%	-80.3%	-34.4%	-77.8%
Ages 65 & Older	-42.5%	-40.8%	-51.7%	-40.0%	-50.6%

The above table reflects the numerical changes in the form of percentages. This definitely puts the situation into perspective, especially if you look closely at the third and also the last column of the table. The Health Care and Social Assistance category reflects a 40 percent loss in that category.

Table Five – Age Composition 2035 vs. 2005

	REMI Out of the Box	Employment Updated for All Counties	Updated Employment with Base Closure	Education Jobs Coming Into Mineral	Education Jobs with Base Closure
Variable	**2005**	**2005**	**2005**	**2005**	**2005**
Ages 0-14	0.555	0.575	0.575	0.575	0.575
Ages 15-24	0.635	0.650	0.650	0.650	0.650
Ages 25-64	1.790	1.831	1.831	1.832	1.832
Ages 65 & Older	0.830	0.830	0.830	0.830	0.830
Total	3.810	3.886	3.886	3.887	3.887
2005 Median Age	40.0	39.7	39.7	39.7	39.7
Percentage Distribution					
Ages 0-14	14.6%	14.8%	14.8%	14.8%	14.8%
Ages 15-24	16.7%	16.7%	16.7%	16.7%	16.7%
Ages 25-64	47.0%	47.1%	47.1%	47.1%	47.1%
Ages 65 & Older	21.8%	21.4%	21.4%	21.4%	21.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Variable	**2035**	**2035**	**2035**	**2035**	**2035**
Ages 0-14	0.384	0.401	0.137	0.414	0.153
Ages 15-24	0.342	0.353	0.14	0.365	0.152
Ages 25-64	1.091	1.152	0.36	1.201	0.407
Ages 65 & Older	0.477	0.491	0.401	0.498	0.41
Total	2.294	2.397	1.038	2.478	1.122
2035 Median Age	39.4	39.4	50.9	39.3	49.2
Percentage Distribution					
Ages 0-14	16.7%	16.7%	13.2%	16.7%	13.6%
Ages 15-24	14.9%	14.7%	13.5%	14.7%	13.5%
Ages 25-64	47.6%	48.1%	34.7%	48.5%	36.3%
Ages 65 & Older	20.8%	20.5%	38.6%	20.1%	36.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%



In closing, the graphic above indicates the continuing decline of the employment in the county after the simulated closing of the Depot. The community has just recently recruited new companies into the area and they reflect the increasing trend shown in the light blue line during 2006 and 2007. The Depot being shut down at this point in time would probably jeopardize these new businesses as well.

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