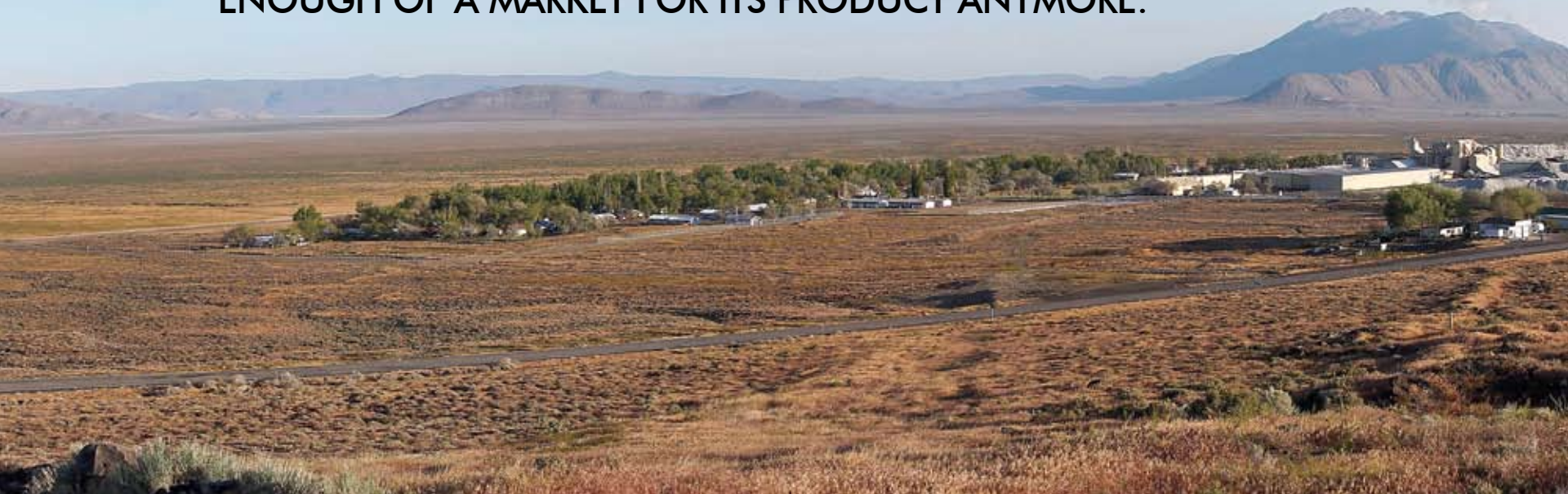


EMPIRE, NEV., IS THE FAR END OF THE REAL ESTATE BUST'S RIPPLE EFFECT. THE NATION'S BIGGEST WALLBOARD MANUFACTURER IS SHUTTING THE GYPSUM-MINING TOWN BECAUSE THERE'S NOT ENOUGH OF A MARKET FOR ITS PRODUCT ANYMORE.



THE LAST COMPANY

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EMPIRE, NEV.

This mining town of 300 people clings like a burr to the back of the Black Rock Desert. For years, it was marked on state Highway 447 by a two-story sign reading, “Welcome to Nowhere.”

On June 20, that tongue-in-cheek greeting will become a fact. Empire, Nev., will transform into a ghost town. An eight-foot chain-link fence crowned with barbed wire will seal off the 136-acre plot. Even the local ZIP Code, 89405, will be discontinued.

Many towns have been scarred by the recession, but Empire will be the first to completely disappear. For another week, it will remain the last intact example of an American icon: the company town.

Since 1948, the United States Gypsum Corporation (USG), which is the nation's largest drywall manufacturer, has held title to all of Empire: four dusty streets lined with cottonwoods, elms, and silver poplars, dozens of low-slung houses, a community hall, a swimming pool, a cracked tennis court, and a nine-hole golf course called Burning Sands. The company also owns the town's drywall

plant and the nearby gypsum quarry, a 264-acre gouge in the foot of the Selenite mountain range six miles to the south.

The end of Empire began just before Christmas, when dozens of workers in steel-toed shoes and hard hats filed into the community hall for a mandatory 7:30 a.m. meeting. Mike Spihlman, the gypsum plant's soft-spoken manager, delivered the news to a room of stunned faces: Empire was shutting down. “I had to stand in front of 92 people and say ‘Not only do you not have a job anymore, you don't have a house anymore.’” Mr. Spihlman recalled.

USG, known for its Sheetrock-brand products, has posted losses of about \$1.5 billion over the past three years. The red ink is a result of “weak market conditions and extraordinarily low shipping volumes,” former chief executive William C. Foote told investors in October. Beneath the jargon is a simpler story: What Empire makes is not in high demand anymore. The housing construction slump has continued too long for the plant to hold on. By the end

of 2010, wallboard sales had dropped more than 50 percent since 2006, when the industry peaked and USG had \$297 million in profits. Manufacturers are getting desperate now. On Nov. 3, USG announced plans to hike drywall prices the following month by 25 percent, a Hail Mary pass to stimulate profits. The move rippled across the industry as other wallboard manufacturers followed suit. (USG's price increase was later revised and rolled out in two installments: 20 percent in March and an additional 15 percent in May.)

“Every day we made it was a day closer to economic recovery. But [the recession] just outlasted us,” says Steve Conley, who began working here in the early 1970s. He rose to become quarry foreman, the same title once held by his father, Bud, who retired in 1987 after 33 years of service. “I was born in a haul truck,” the younger Mr. Conley jokes, adding more soberly: “This is my home.”

Until January, the quarry was a noisy place. Blasts of ANFO, an explosive, punctuated the still

‘The worst thing you can hear in a [wallboard] plant is silence. You’re a part of building America. It’s not just making Sheetrock here.’

– Calvin Ryle, the USG Sheetrock quality supervisor who shut the Empire conveyor belt down for the last time in January



THE MINING TOWN OF EMPIRE, Nev. (left), will be sealed off June 20. Employees who mined gypsum and manufactured wallboard (stacked at right) are moving out. Mary McAuliffe (bottom at right with her daughter Alley) packed moving boxes after her husband lost his job. Cody Angstadt (center, midair) and his friend Matthew Watson ride skateboards at the shipping dock. Both are finishing the school year before joining their fathers, who found work in other states.



TOWN



mountain air, dislodging white, chalky chunks of ore from five terraced pits, the largest a half-mile across. A fleet of haul trucks shuttled 60-ton batches of gypsum six miles up the highway to the factory, where workers pulverized it, cooked it up past 500 degrees F. in massive kettles, and shaped it into the wallboard delivered for construction across the American West. Before the miners used trucks, they ferried 1,800-pound payloads along an aerial tram in colossal steel buckets, trailing blotches of spilled powder below.

By some accounts, the Empire facility – known here as “the gyp” – encompasses the longest continuously operating mine in the country. The mining claim, originally established by Pacific Portland Cement Co., dates to 1910.

Now the quarry is silent, its roads blocked off with gravel berms to discourage trespassers. The factory has been empty since Jan. 31. And Empire, a scrap of green in the desert, is already starting to fade. Lawns once immaculately tended are choked with weeds. A fence is rising around the perimeter. Residents say it makes Empire look like a “concentration camp.” If someone doesn’t find a new use for this place, the town will eventually vanish. When dust blows in from the desert, no one will be

here to sweep it away. It will start erasing signs of human habitation in a place that has been settled since 1923, when miners established a tent city.

By the end of May, all but a handful of workers had already made the forced exodus. Before they left, many tossed their corporate hard hats high into the branches of a neighborhood tree, creating an impromptu monument to their lives here.

Those lives are all about to change drastically, because leaving Empire doesn’t mean just moving down the road. Jobs in the immediate vicinity are scarce. Empire is located in one of the remotest corners of Nevada, which has long led the nation in unemployment. Apart from Gerlach – a neighboring hamlet with fewer than 200 people that shares its schools with Empire – the nearest town, Nixon, is 60 miles to the south on a reservation owned by the Pyramid Lake Paiute Tribe.

Calvin Ryle began working in Empire on July 1, 1971. In January, he helped bring the last piece of drywall off the line. Standing beside a conveyor



belt in the factory, where his son also worked as a maintenance mechanic and his daughter-in-law as a quality-lab technician, Mr. Ryle raised his hand and pressed the stop button for the last time.

“I’ve been here for 39 years and seven months,” Ryle said at the time. As the plant’s quality supervisor and former general foreman, he set the record for longest continuous service – “I’ve never missed a single day, never been injured.” Shutting down the conveyor belt brought him to tears. “The worst thing you can hear in a board plant is silence,” Ryle said. “You’re a part of building America. It’s not just mak-

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A tornado-stricken Iowa town rebuilds, see page 16.



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ing Sheetrock here.”

The plant’s maintenance foreman, Aaron Constable, watched Ryle administer those last rites. “He actually stood there and cried,” Mr. Constable recalled. “He’s up there at the main start-stop station. When they said, ‘You go ahead and shut her down,’ it took him some while before he actually pushed the button.”

AT ITS HEIGHT, EMPIRE WAS HOME to more than 750 people, as noted in the July 1961 issue of USG’s in-house magazine, Gypsum News. “The folks who make their homes in Empire are one big happy family,” the magazine reported.

By many residents’ accounts, that was still true until the end. Empire was an extended family, with the kind of intimacy and security – not to mention the gossip and lack of privacy – that comes with close quarters.

“We’ve got the neighborhood watch program,” Constable explained in the January interview. “Your neighbors watch you whether you want them to or not.”

For decades, Empire was largely insulated from the troubles of the outside world. Here, you could rent a company-owned home for \$250 a month, or an apartment for as little as \$110. Water, cable TV, sewer, trash, and Internet service were all provided on the company dime. Workers were awarded gold-colored construction helmets when they reached 25 years of service and wore them with pride. No one bothered to lock cars or homes. Kids had the run of the neighborhood, but were still in hollering distance come dinnertime.

There were some rough patches. In 1993 and 2001, USG filed for bankruptcy. The second episode followed personal injury claims related to asbestos exposure, totaling millions of dollars. Both times, the company emerged and regained profitability, leaving Empire unscathed.

During the 1970s, the plant at Empire went through layoffs and shortened shifts. Some apartments were boarded up, but the town survived. “We just tightened up our belts,” says Sunny DeForest, the plant’s former human resources supervisor.

Ms. DeForest retired in 2007 after more than 42 years at the plant and now lives with her husband, another former USG worker, in a home across the highway from Empire. Their house is not on company property, but it relies on USG’s infrastructure for electricity. They plan to stick around. “We’ve got a brick house, and you don’t move brick houses so easily,” DeForest says wryly. She’s not sure what

‘I had to stand in front of 92 people and say, “Not only do you not have a job anymore, you don’t have a house anymore.”’

– Mike Spihlman, manager for the wallboard manufacturing plant being shut down by USG

they’ll do, however, if the power gets cut.

Her daughter, Tammy Sparkes, is also in a hard place. In October, after returning from a tour of duty as a military ordnance officer in Kuwait, Ms. Sparkes used her savings to buy the Empire Store, the only place to get groceries for miles, sprucing it up with new flooring, a fresh coat of paint, and a couple of cafe tables. Sparkes owns the building but leases the land from USG, which also supplies the power and water. With most of her customers gone, she’s struggling to make it to August, when the annual Burning Man festival, held in the nearby desert, brings a wave of thousands of colorful, albeit temporary, patrons.



KATIE MORAN WAS THE LIBRARIAN at the Empire-Gerlach elementary school. The school will cut all but three positions for the next school year as the town of Empire is shut down by USG.

“I always liked that store. It’s neat, because it’s a community thing. You know everybody within a day. I had all the employees I needed,” Sparkes says. In December, one of those employees called her tearfully to tell her the town was going away. “I was devastated,” she recalls.

Empire’s troubles have also rippled out to Gerlach, where the regional school system that served 73 students this year anticipates just a dozen next fall. Twenty staffers are losing their jobs. One teacher and two aides will remain in a three-room schoolhouse. “We are blessed to have this much,

Above: A highway sign (left) points to tiny Empire, Nev. (pop. 350). Owned by United States Gypsum, it is being sealed off by a three-mile-long fence (center) now that gypsum mining and wallboard production have ended here. The desert will reclaim all the green of Empire, including the employee golf course (right).

by the sounds of things,” Judy Conley, the school secretary, wrote in an e-mail.

IN THE MIDST OF THE CRISIS, there’s an upside: Many of Empire’s displaced workers have landed safely. The same economy that was flattened by the housing crash has seen gold prices skyrocket, and Nevada’s mines are hiring. Barrick Gold Corporation owns several Nevada sites and hired more than a dozen Empire employees, including Constable.

“Sad to say, the best thing that could have happened to us was the gypsum plant shutting down,” he said in a May e-mail. Constable has already been promoted to supervisor. He was able to use his USG severance pay, one month for each of his 28 years, to buy a house with his wife in Spring Creek, Nev. “Some of us live within eyesight of each other,” he wrote of Empire’s resettled refugees.

Others haven’t had it so easy. “I threw out a few résumés, haven’t gotten any bites,” former supply chain manager Dan Moran said in January between bites of chicken-fried steak at Bruno’s Country Club, the only restaurant in Gerlach. “I might just end up cutting firewood for a living.” As of last month, he was still planning to start a firewood business near Reno, Nev.

Ryle, who pushed the button to shut down the factory in January, said at the time that he planned to stay as long as he could: “I’m a company person.... I’ve always worked here.” But what is a company man when his company doesn’t want him anymore? At 62, Ryle isn’t sure if he’ll work again: “You feel like you gave them a lot and, when it came down to the end, they didn’t give you nothing.”

There’s talk that, if the economy recovers, USG could reopen the idled plant, but Ryle doesn’t think that will happen. He plans to leave his gold hard hat, once a badge of honor, in the house where he spent the past four decades when he goes.

But he’s not leaving everything behind. He says he’ll transplant the rosebushes and a tree from his front yard when he moves to Fernley, Nev., where he just bought his first home.

“I planted that tree, so I’ll dig that one up. They don’t care,” Ryle says. “And it’s my tree. I’ll fill in the hole, anyway.” ■