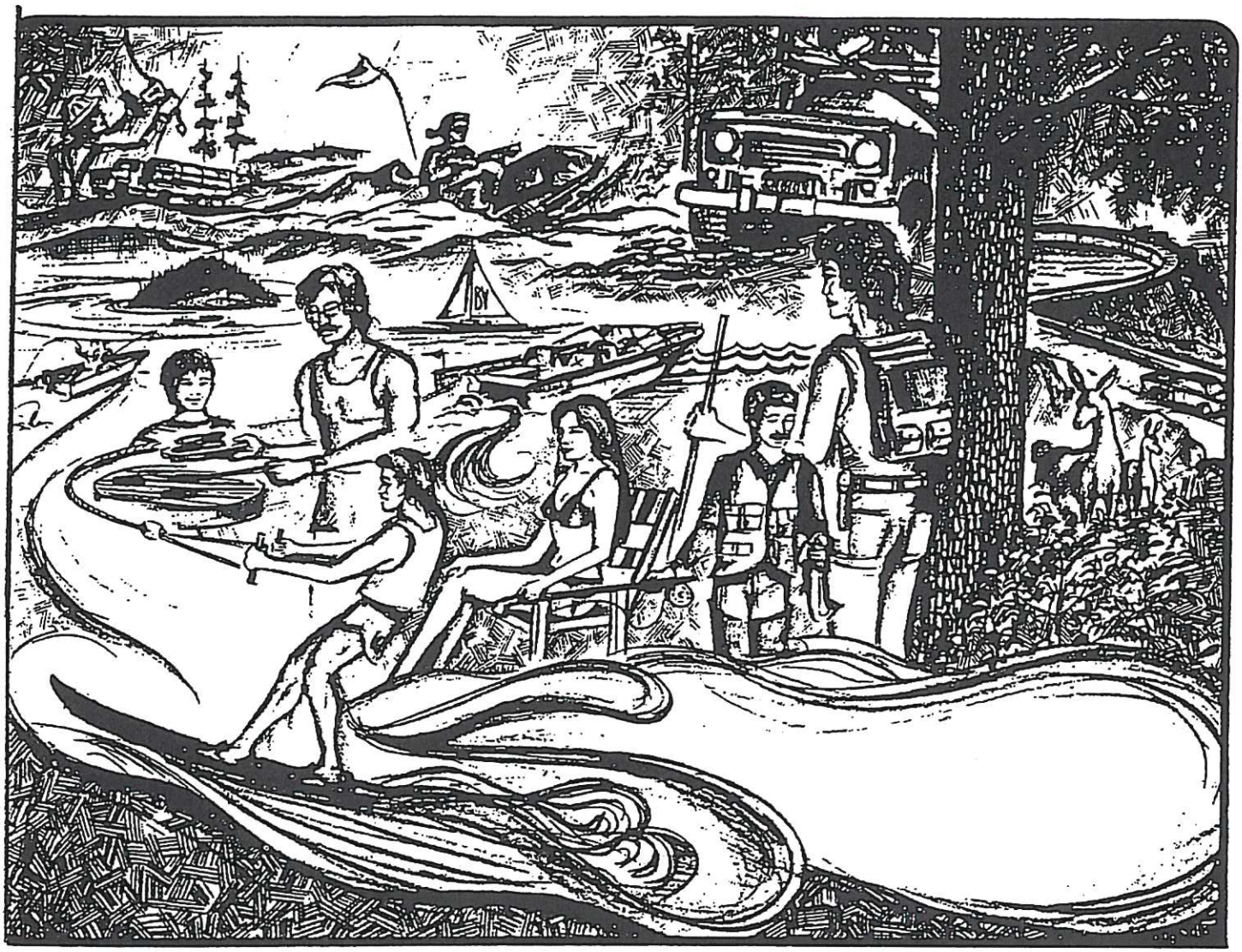

# ECONOMICS & ENERGY ELEMENTS

III

Detroit

comprehensive plan

## III: ECONOMICS AND ENERGY

### INTRODUCTION

The purpose of the comprehensive plan's economic element is to describe the basic economy of the city, and to develop policies that provide for the future economic well being and development of the city. The economics element must also analyze data concerning the residents of the city, which is obviously the "bottom line" of the economy.

This element will consist of three sections: 1) population projections for the city prepared by the Mid-Willamette Valley Council of Governments using information prepared by Portland State University; 2) data about the basic economy of the city, such as commercial and industrial growth, and municipal financing; and 3) current and future energy sources.

The citizens of Detroit wish to expand and diversify their economic base in the future, and therefore, it is the goal of the City of Detroit:

> *To maintain the existing level of Detroit's economy and to encourage future economic growth, especially in areas relating to the recreational nature of Detroit.*

### POPULATION

A projection of population growth is an essential step in the comprehensive planning program. A projection serves as a tool for assessing future land area needs, water facility planning, recreation needs, and the capability of lands within the corporate limits of Detroit to accommodate projected growth.

Population estimates in **Table 1** for the City of Detroit were developed by the Mid-Willamette Valley Council of governments using materials provided by Portland State University, Population Research Center, and in cooperation with Marion County Planning Department. Data used to develop the forecasts include vital statistics; population, land use, building permit and employment data; and school enrollments for districts within Marion County. Analysis continues by using different demographic methods and models.

Given that the projections are developed for long-term trends (2007-2030), they are conservative.

TABLE 1 – Part 1
Population Estimates to the year 2030

| | Historical | | | Forecast | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | 1990 | 2000 | 2005 | 2010 | 2015 | 2020 | 2025 | 2030 |
| | | | | | | | | |
| Population | 331 | 262 | 255 | 265 | 322 | 340 | 355 | 371 |
| | | | | | | | | |

Population Forecasts for Marion County, Population Research Center, Portland State University, September 2008

TABLE 1 – Part 2
Average Annual Change in Number and Average Annual Growth Rates

| | Historical | | Forecast | | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | 1990-00 | 2000-05 | 2005-10 | 2010-15 | 2015-20 | 2020-25 | 2025-30 | 2010-2030 |
| | | | | | | | | |
| Average Change in Number | -7 | -1 | 2 | 11 | 3 | 3 | 3 | 5 |
| | | | | | | | | |
| Average Change in Percentage | -2.3 % | -0.5 % | 0.8% | 3.9% | 1.0% | 0.9% | 0.9% | 1.7% |

Population Forecasts for Marion County, Population Research Center, Portland State University, September 2008

Detroit is located in Census Tract 106 that also includes Idanha, Mill City and Gates. Although the 2000 census information will soon be dated, the data is generally reliable since population growth has not been significant since 2000.

For the City of Detroit, the median household income was $32,250, which was less than Marion County's median family income of $40,3145. The per capita income for the City of Detroit was $19,856. Almost 50 percent of the families earn less than $35,000 per year. In 2000, there were 12 families, 17.9 percent of which live below the poverty level versus 9.6 percent for Marion County.

According to information gathered by Portland State University in 2007, the average number of persons that occupy a household (PPH), or household size, in Marion County

is around 2.7 and is higher than it is statewide (2.5). The smallest average household size, 2.2 PPH, is in the City of Detroit.

**Table 2** shows a population history for the City of Detroit between the years 1950 and 2000. In the decade between 1980 and 1990 indicates a period showing a population loss. This loss was most likely due to decreasing employment in the timber industry as federal timber harvests decreased and local lumber mills closed. Tourism is replacing the old, natural resource based economy. According to information from PSU, population growth will continue but at a slow rate. The average annual growth rate to the year 2030 coordinated with Marion County Planning Department is 1.7 percent. The City does not have a public sanitary sewer system. Lack of a system also affects growth. Because Detroit is a resort community, the year round population is estimated to be about one-quarter the summer population.

TABLE 2
HISTORY OF POPULATION GROWTH
DETROIT, OREGON

| Year | Population | Percent Change |
|---|---|---|
| 1952 | 206 | 35.4 |
| 1960 | 279 | 17.5 |
| 1970 | 328 | 17.5 |
| 1980 | 367 | 11.9 |
| 1990 | 331 | -9.8 |
| 2000 | 500 | 51.1 |

Source: Marion County Planning Department

Although Detroit's population is projected to increase by only 106 persons by year 2030, its population growth and land development will actually depend upon such factors as the availability of buildable land within and outside the city, sufficient water, and the method of sewage disposal.

## THE ECONOMY

### Retail Sector

The retail sector in Detroit is quite small and experiences a high rate of seasonal fluctuation. Detroit's economy is based primarily on the recreational aspects of the Detroit reservoir and the Cascades. The existing businesses are largely oriented to serve those persons taking advantage of the great recreational potential of the area. Unfortunately, this recreational orientation creates an inherently high summer/winter fluctuation of the economy.

According to the 1990 Census, there are approximately 153 employees in the Detroit business community, and it is estimated that about 14 (9.2 percent) live in the city. In 1978, 70 percent of people working in Detroit also lived in Detroit. This decrease demonstrates a shortage of housing in Detroit. It is important to encourage workers to live in Detroit, to keep the money earned in the local Detroit economy. Therefore, it is the policy of the City of Detroit to:

*Encourage all people who work in Detroit to find housing within the City.*

This policy raises immediate questions about the availability of adequate housing in Detroit, which also relates to the lack of sewage treatment facilities in the City. While both of these problems have important effects on Detroit's economy, they will be discussed in other plan elements.

The major businesses in Detroit include: two markets, a tavern, a cocktail lounge, two restaurants, a laundromat, three motels, two fishing resorts with tackle stores and marinas, and a gas station. Other employers include the post office and school district (the single greatest employer having 26 employees).

The businesses of the city are of the limited retail variety. It is also apparent that these are tourist-oriented businesses. The citizens' survey, taken by the Council of Governments in 1977, indicates a desire on the part of Detroit residents to expand the commercial sector.

The responses also indicated the desire to maintain the recreational nature of the community. Among the types of commercial uses most frequently mentioned were: community activity center, bowling alley, theater, specialty shops, and restaurants. Therefore it is the policy of the City of Detroit to:

*Encourage growth in the commercial sector of the community, especially in those types of uses most compatible with the recreational nature of the community.*

Industrial Sector

Currently, recreation is the only type of industry prevalent in Detroit, and it forms the backbone of the community. The community views this as the reason for past development in Detroit, and the area in which future development will, and should occur. As one means of encouraging growth, the City has discussed various ways of beautifying Detroit. One idea discussed, which would make the downtown area more attractive, and therefore a more viable business location, is the adoption of a community theme. If the community organizes an annual festival centered on the community them, then this idea could encourage business and growth. Therefore, the city has adopted the following policy:

*Investigate ideas for a community theme, and a yearly festival based on that theme.*

The citizen committee also discussed meeting with the downtown businesses to see if enough interest exists to develop a common downtown facade to create a mall-type atmosphere. This would tend to create a more attractive shopping area and would work very well in carrying out the community theme. Therefore, the city has adopted the following policy:

*Encourage the downtown businesses to investigate a common storefront façade.*

The city has chosen to encourage the retention and expansion of the recreation industry. The city also actively desires other industries if they do not adversely affect Detroit's

pristine environment, and the recreational nature of the city. Therefore, the city has adopted the following policy:

*Encourage environmentally clean, light industry to locate in Detroit.*

Municipal Financing

The financial status of the city plays an important role in a local economy; especially in as small an economy as exists in Detroit. In 1966, Detroit was authorized by a charter amendment to contract for a bond issue, the amount not to exceed $85,000 over the city's existing bonded indebtedness. The purpose for the charter amendment was to improve and extend the city's water system. This was accomplished through an $85,000 (4 percent interest rate) loan from the Farmer's Home Administration, to be repaid within a 25-year period with a minimum of $3,400 of the principal being paid yearly. The city's total bonded indebtedness (including all city bonds) is currently $91,626. This figure will be reduced to $85,336.22 by July 1, 1978.

**Table 3** demonstrates the city's valuation, and other data pertinent to the City's tax structure.

TABLE 3
CITY VALUATION, TAX RATES AND TAXES
EXTENDED IN MARION COUNTY - (1977-1978)

| | |
|---|---|
| Population | 370 |
| True Cash Value (TCV) | $4,434,701.00 |
| Per Capita TCV | 11,985.68 |
| City Tax | 10,377.20 |
| Consolidated Tax | 129,670.65 |
| Per Capita Tax | |
| County | 28.05 |
| Consolidated | 350.46 |
| Average Rate/$1000 TCV Basis | |
| County | 1.75 |
| City | 2.34 |
| School | 23.82 |
| Fire District | 1.33 |
| TOTAL | 29.24 |

Source: Marion Count Assessor's Office

**Table 4** demonstrates the tax levies along with the tax rate for the 1970's. Other than the large jump in 1975 (when the city instituted its city tax), no apparent trends exist in the tax rate. Of the total levy collected in 1978, 81.5 percent went to the school district, 8.0 percent went to the city, 6.0 percent went to Marion County, and 4.5 percent went to the rural fire district.

TABLE 4
CITY TAX LEVIES FOR DETROIT, 1970-1978

| YEARS | NET LEVY | TAX RATE | VALUE | TAX |
|---|---|---|---|---|
| 1977-78 | $10,355.50 | $2.34 | $4,434,701.00 | $10,377.20 |
| 1976-77 | 9,805.00 | 2.69 | 3,651,320.00 | 9,805.00 |
| 1975-76 | 9,250.00 | 2.64 | 3,506,068.00 | 9,250.00 |
| 1974-75 | 2,672.62 | .83 | 3,253,403.00 | 2,677.54 |
| 1973-74 | 2,525.98 | .81 | 3,134,422.00 | 2,525.98 |
| 1972-73 | 2,367.68 | .95 | 2,499,960.00 | 2,383.00 |
| 1971-72 | 2,195.39 | .91 | 2,420,778.00 | 2,248.21 |
| 1970-71 | 2,045.39 | .94 | 2,193,775.00 | 2,120.95 |

Source: Marion County Assessor's Office

The City of Detroit must carefully manage its finances. With no full-time city staff, a seemingly minute task such as the repair of some chuckholes in a neighborhood street can take on large proportions. In a larger city, jobs such as this are completed on a daily basis. In Detroit, even this level of work must be pre-planned in the budget. This indicates the need for long-range planning for projects of a larger nature or capital improvements program (CIP).

A CIP attempts to outline major work tasks the city expects to undertake in future years (usually 5 years plus the current-year's budget), and to estimate the cost of projects to the city. A CIP not only indicates to the city "what is to come," but also provides the following advantages:

(a) Focuses attention on community goals, needs, and capabilities
(b) Achieves optimum use of the taxpayer's dollar
(c) Serves wider community interests

(d) Encourages more efficient governmental administration

(e) Improves the basis for intergovernmental and regional cooperation

(f) Maintains a sound and stable financial program

(g) Enhances opportunities for participation in Federal or State Grant-in-Aid Programs

Regarding capital improvements programming, the city has adopted the following policy:

*Encourage the implementation of a capital improvement program when it becomes feasible, and when resources are available.*

## ENERGY

The topic of energy is not traditionally considered part of an economic element in a comprehensive plan. However, due to the dramatically increasing role of energy as a segment of our national economy, it seems appropriate that it not be divorced from consideration of the local economy as well. It seems even more appropriate, when one considers that Detroit's only real link to the "outside world"' or the remainder of Oregon, is through the internal combustion engine (car or bus).

**Table 5** provides estimates of consumption of conventional energy sources in Detroit. The data for electrical consumption is an actual measurement, and is obtained from Consumer Power, Incorporated. There is no means for direct measurement of petroleum, therefore the figures given are derived from average rates per person, throughout Oregon. As no natural gas line extends to Detroit, electricity and petroleum are the only conventional energy sources used.

TABLE 5
ENERGY CONSUMPTION BY SOURCE, 1974-1976

| YEAR | PETROLEUM (Billion BTU's) | ELECTRICITY (Billion BTU's) | TOTAL (Billion BTU's) |
|---|---|---|---|
| 1974 | 40.7 | 9.4 | 50.1 |
| 1975 | 37.6 | 12.3 | 49.9 |
| 1976 | 38.8 | 12.5 | 51.3 |

The downward shift in petroleum usage was a statewide phenomenon due to the recent gasoline crises, and resultant price increase. While actual data is unavailable, it is suspected that Detroit's consumption rate remained constant during this period, due to the city's complete dependence on the automobile, and therefore petroleum. The rise in electricity consumption can probably be attributed to population increases (as Detroit has no industrial consumers). The following table (**Table 6**) breaks down electrical consumption in Detroit by use.

TABLE 6
ELECTRICAL CONSUMPTION IN DETROIT (1974-1976)

| YEAR | ELECTRICAL CONSUMPTION IN KILOWATT HOURS (KWH) INDUSTRIAL, COMMERCIAL, RESIDENTIAL, AND CITY LIGHTS | | PERCENT OF TOTAL | PERCENT INCREASE-DECREASE |
|---|---|---|---|---|
| 1974 | Total KWH | 2,757,714 | | |
| | Industrial | -0- | 0.0 | |
| | Commercial | 504,971 | 18.3 | |
| | Residential | 2,233,243 | 81.0 | |
| | City Lights | 19,500 | 0.7 | |
| 1975 | Total KWH | 3,594,697 | | 30.4 |
| | Industrial | -0- | 0.0 | 0.0 |
| | Commercial | 1,176,526 | 32.7 | 133.0 |
| | Residential | 2,407,551 | 67.0 | 7.8 |
| | City Lights | 10,620 | 0.3 | -45.5 |
| 1976 | Total KWH | 3,666,557 | | 2.0 |
| | Industrial | -0- | 0.0 | 0.0 |
| | Commercial | 1,180,949 | 32.2 | 0.4 |
| | Residential | 2,474,988 | 67.5 | 2.8 |
| | City Lights | 10,620 | 0.3 | 0.9 |

Source: Consumer's Power, Incorporated.

While the above table indicates an increase in residential consumption, commercial consumption has increased at an exceedingly rapid rate. This has prompted the city to adopt the following policy:

*Encourage all forms of energy conservation.*

Alternate Energy Sources

Alternate energy sources that offer some potential for energy production in the Detroit area include solar, wind, wood, and geothermal energy. This section briefly discusses these sources.

Solar – While Oregon is considered to have good potential for solar energy, it is currently quite costly to implement. The most practical current means for solar use is for home heating and cooling purposes. Perhaps the greatest drawback for solar use in Detroit would be providing proper orientation (solar energy must have direct access to the sun, and therefore requires southerly slope direction with no interference from trees – a problem in Detroit). Basically, solar energy is not expected to be a viable energy alternative in Detroit, at least until such time that sizeable government subsidies become available to Detroit's residents.

Wind – Wind energy is not considered a reliable energy source in Detroit. The central Oregon coast and the Columbia River Gorge are the only identified feasible sites for wind power in Oregon.

Wood – The best potential for energy from these sources in Detroit is the burning of wood wastes. This is generally accomplished using steam generators or electrical generators. It is important to add that the mill industry for years has been using this source for energy. Currently, the most widespread use for Detroit is home heating from wood heat. This traditional form of home heating is very accessible in an area such as Detroit.

Geothermal - Geothermal energy has, by far, the greatest potential as an alternative energy source in the Detroit area. The U.S. Geological Survey (U.S.G.S.) and the Bureau of Land Management (BLM) have designated the Breitenbush area as a high priority Known Geothermal Resource Area (KGRA). The close proximity of power transmission lines makes this an ideal area for geothermal development. According to the Final Environmental Impact Study (FEIS), however, many potential negative impacts on that area's environment could occur should development take place. Geothermal development in the area should be a joint concern of both the city and Marion County.

The City of Detroit is concerned about geothermal development in the Breitenbush area, and whether it would create strong negative impacts on the environment. The city is not opposed to geothermal development per se, but they do feel that strong safeguards should

be used to control the environmental impacts of a development. Therefore, the city has adopted the following policy:

> *If geothermal development in the Breitenbush area should occur, it should be of the type that causes the least environmental damage.*

The city also feels that the FEIS does not adequately address the potential socioeconomic impacts on Detroit. Large development in the area could have a strong inflationary effect on the housing market and the overall city economy. Therefore, the city has adopted the following policy, should development occur:

> *Encourage in-depth study of potential socio-economic impacts to Detroit, prior to development of a geothermal project in the Detroit area.*

The 1977 Oregon Legislature passed House Joint Resolution 50 under which several state agencies, including the Water Resources Department, Department of Environmental Quality, State Department of Geology and Mineral Industries, and the Department of Energy are developing procedures that are more detailed and requirements for geothermal resource exploration and development activity. The Interagency Task Force will submit a progress report to the 60th Legislative Assembly.