

CHAPTER TWO: THE ECONOMY

INTRODUCTION

Central to a community's stability and growth is its economic base. Two major sectors make up a community's economy: one which provides goods and services for markets outside of the community (basic or export sector) and one which provides goods and services for local consumption (non-basic sector). Economic vitality and balance rely heavily on the creation and retention of local basic sector jobs. To understand the people of a Township, it is important to understand how they make a living and how current employment may influence their future decisions about the way that they make their living. The factors that influence the economic base in a community extend beyond its boundaries; increasingly so as the effects of the global economy are realized. This chapter will not only include information which is specific to Burt Township, but it will also include comparative data from Alger County and the Upper Peninsula. Much of the economic information presented is available only at the county level; Burt Township also has a limited commercial sector. The high degree of personal mobility may affect the accuracy of some information regarding the local economy.

Understanding the local economy, and the accompanying economic needs and trends, will ensure that the policies and recommendations which develop based on various parts of the Master Plan will be attuned to the strengths, weaknesses, and potentials of the local economy. Improvement of the economy almost always requires specific action. The goal of improving the overall economy is assumed and underlies the policies of the Master Plan.

AREA ECONOMY

Historically, the local economy has been closely related to natural resources and features. The proximity and abundance of forest products provide much of the raw material utilized in commercial enterprises such as paper and lumber mills.

Tourism has been, and continues to be, a major and growing industry in the area. Once limited primarily to the summer season, tourism has become much more of a year-around industry due at least in part, to the popularity of fall "color tours" and winter sports, especially snowmobiling (Michigan leads the nation in the number of licensed snowmobiles).

As an industry, tourism is among the leaders in Michigan. The term "tourism" is comprehensive and includes a range of activities associated with natural and man-made attractions such as products and services for leisure and recreational pleasure. Alger County has an abundance of hiking and skiing trails, snowmobile trails, waterfalls, and opportunities for fishing, boating, kayaking and swimming. Neighboring townships and the City of Munising offer many resorts, cabins and lodges for daily, weekly and monthly rental opportunities.

Tourism and recreation have changed over the years as transportation options have increased personal mobility. Today's tourists are more likely to travel frequently, take shorter trips and stay closer to home. Heritage-tourism and eco-tourism have increased in popularity. Heritage-tourism draws those interested in the historic and cultural offerings of a community or

institution. Eco-tourism is popular among those desiring to experience nature through activities such as bird watching, hiking, and kayaking. Grand Island National Recreation Area attracts thousands of visitors every year and offers a wide array of activities, including bus tours, hiking, biking and rustic camping. Another major tourist attraction in the County is the Pictured Rocks National Lakeshore, a diverse area encompassing over 73,000 acres and offers spectacular scenery and an array of outdoor activities that attracted over 499,280 visitors in 2010. The Alger County Road Commission completed paving H-58 through the Pictured Rocks National Lakeshore in 2010. This final phase concluded five years of construction that paved 19 miles of H-58, completing the route between Munising and Grand Marais.

LABOR FORCE AND UNEMPLOYMENT

The civilian labor force consists of persons currently employed and those currently seeking employment, excluding persons in the armed forces and those under the age of 16. Shifts in the age and sex characteristics of residents, seasonal changes, and employment opportunities can all cause fluctuation in the number of persons in the labor force. As illustrated in Table 2-1, approximately 41 percent of Burt Township residents are employed in the civilian labor force, similar to figures reported for the County (44.9 percent).

Table 2-1 Civilian Labor Force Status, Burt Township and Alger County, 2005-2009				
Characteristics	Burt Township		Alger County	
	Number	Percent	Number	Percent
Population 16 Years and Over	349	100.0	8,041	100.0
Civilian Labor Force	153	43.8	3,940	49.0
Employed Labor Force	143	41.0	3,611	44.9
Unemployed Labor Force	10	2.9	329	4.1

Source: U.S. Bureau of the Census, American Community Survey Estimates 2005-2009, Selected Economic Characteristics.

The Michigan Employment Security Agency (formerly the Michigan Employment Security Commission) collects and analyzes unemployment and labor force data by county. Prior to 1965, unemployment figures were based on Bureau of the Census data. A comparison of unemployment and labor force data is presented in Table 3-2.

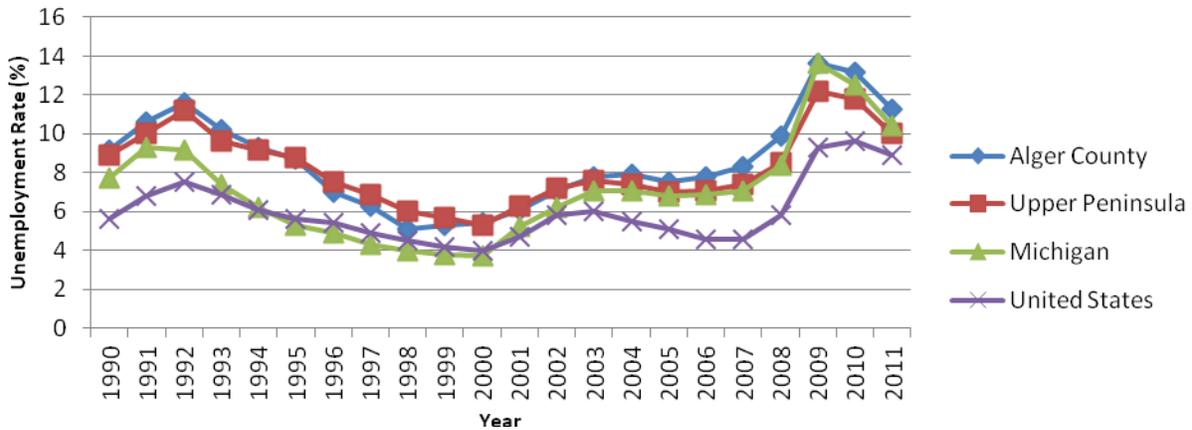
Unemployment rates in Alger County have generally followed the regional pattern. In nearly every year of the comparison, Alger County has experienced annual unemployment rates in excess of those recorded for the state and nation. Labor market data for 2011 indicates a significant decrease in the unemployment rate for the County from a high of 13.6 percent in 2009; the 2011 rate dropped to 11.3 percent. The civilian labor force fluctuates with prevailing economic conditions. The civilian labor force has decreased from a high of 4,478 in 2006 to 4,007 in 2011. Baraga County reported the highest unemployment rate for the Upper Peninsula, at 18.7 percent in 2011.

**Table 2-2
Labor Force and Unemployment, Selected Areas, 1990-2011**

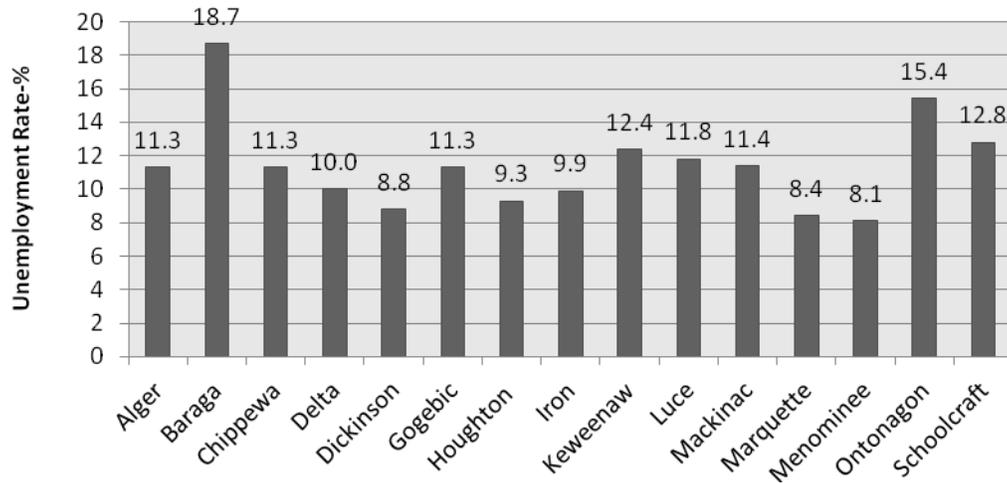
Year	Alger County Labor Force			Unemployment Rates (Percentage)			
	Labor Force	Employed	Unemployed	Alger County	Upper Peninsula	State of Michigan	United States
1990	3,814	3,462	352	9.2	8.9	7.7	5.6
1991	3,869	3,458	411	10.6	10.0	9.3	6.8
1992	3,940	3,484	456	11.6	11.2	9.2	7.5
1993	4,008	3,600	408	10.2	9.6	7.4	6.9
1994	4,133	3,750	383	9.3	9.2	6.2	6.1
1995	4,242	3,871	371	8.7	8.8	5.3	5.6
1996	4,208	3,193	295	7.0	7.5	4.9	5.4
1997	4,273	4,003	270	6.3	6.9	4.3	4.9
1998	4,298	4,080	218	5.1	6.0	4.0	4.5
1999	4,403	4,169	234	5.3	5.7	3.8	4.2
2000	4,373	4,139	234	5.4	5.3	3.7	4.0
2001	4,432	4,161	271	6.1	6.3	5.2	4.7
2002	4,402	4,090	312	7.1	7.2	6.2	5.8
2003	4,431	4,084	347	7.8	7.6	7.1	6.0
2004	4,377	4,032	345	7.9	7.4	7.1	5.5
2005	4,381	4,052	329	7.5	7.0	6.8	5.1
2006	4,478	4,130	348	7.8	7.1	6.9	4.6
2007	4,412	4,046	366	8.3	7.4	7.1	4.6
2008	4,296	3,872	424	9.9	8.5	8.4	5.8
2009	4,288	3,705	583	13.6	12.2	13.6	9.3
2010	4,112	3,569	543	13.2	11.8	12.5	9.6
2011	4,007	3,555	452	11.3	10.0	10.4	8.9

Source: Michigan Labor Market Information, <http://www.milmi.org/>, 2012.

Unemployment Rate, Selected Areas 1990-2011



Labor Force and Unemployment, Upper Peninsula Counties, 2011



EMPLOYMENT BY INDUSTRY GROUP

Table 2-3 provides comparative data derived from the 2005-2009 American Community Survey using the Standard Industrial Classification (SIC) manual. This system allows for a classification of establishments by the type of industrial activity in which they were engaged. The census data used were collected from households rather than businesses, which may be less detailed in some categories. The information does not reflect the jobs that may be available in the Township as some residents may have employment outside of the Township, or even the County.

The three leading employment categories for the Township included: arts, entertainment, recreation, accommodation and food service; retail trade; and construction. Persons employed in the arts, entertainment, recreation, accommodation and food service and retail trade divisions in the Township labor market were reported at higher rates than the County or the State. This is likely due to the recreational nature of the Township and tourist-driven businesses in the area.

Industry	Burt Township	Alger County	Michigan
Agriculture, Forestry, Fishing and Hunting and Mining	0.0	3.8	1.2
Construction	9.8	6.4	5.6
Manufacturing	9.1	15.8	18.3
Wholesale Trade	0.0	0.2	2.9
Retail Trade	13.3	11.7	11.6
Transportation and Warehousing, Utilities	3.5	1.9	4.2
Information	0.0	2.1	1.9

**Table 2-3
 Civilian Workforce by Industry, Burt Township, 2005-2009**

Industry	Burt Township	Alger County	Michigan
Finance And Insurance; Real Estate and Rental and Leasing	2.8	4.2	5.7
Professional, Scientific, and Administrative Services	0.0	3.2	8.8
Educational Services and Health Care and Social Services	5.6	19.9	22.4
Arts, Entertainment and Recreation, Accommodation and Food Service	37.8	11.1	9.0
Other Services (Except Public Administration)	7.7	5.9	4.7
Public Administration	10.5	13.8	3.7

Source: U.S. Bureau of the Census, American Community Survey Estimates 2005-2009, Selected Economic Characteristics.

A major tourist attraction in Alger County is the Pictured Rocks National Lakeshore, a diverse area encompassing over 73,000 acres. Authorized in 1966, Pictured Rocks National Lakeshore offers spectacular scenery and an array of outdoor activities that attracted over 421,000 visitors in 2006. By virtue of its location, Grand Marais is considered the "Eastern Gateway" to the Pictured Rocks National Lakeshore. Pictured Rocks National Lakeshore is discussed in detail in Chapter 3-Natural Features.

MAJOR AREA EMPLOYERS

Neenah Paper is one of the largest single employers in Alger County. The manufacture of paper began in 1902 after the Munising Paper Company completed construction of a pulp mill. The facility was acquired by the Neenah Paper and remains operational at its original location. Employment has been in the range of 300 to 315 in recent years. Raw materials and other products required for making specialty papers, such as latex, chemicals and baled pulp, are delivered by rail and truck. Coal is delivered by boat.

Timber Products Company, located in Munising Township approximately six miles east of the City of Munising, operates both a sawmill and veneer mill. Over the past ten years, employment has fluctuated in a range from 200 to 300 employees. Layoffs of a large number of employees have occurred over the past year due to a decline in the market for veneer products. Timber Products processes hardwood logs (maple, beech, oak, cherry, ash, and basswood) into high value lumber products. Timber availability is a main concern; the company no longer finds it practical to purchase timber from U.S. Forest Service managed forests due to regulatory burdens.

Kewadin Casino, located in Christmas, is operated by the Sault Ste. Marie Tribe of Chippewa Indians. A 21,000 square foot expansion has elevated additional jobs to 140, as of 2007, and is now one of the area’s largest employers. The casino offers a variety of gaming options and attracts visitors from across the Upper Peninsula.

Alger Maximum Correctional Facility, located in Munising Township, was constructed in 1990 at the cost of \$42 million. Employment at the prison facility is approximately 370. The Alger Maximum Correctional Facility has a total of six housing units. Five are identical, and the sixth has additional beds. Three housing units are general population and three are used for segregation. Other buildings provide food service, health care, maintenance, storage and space for administrative offices. The facility occupies 78 acres and houses around 530 inmates.

Hiawatha Telephone Company, located in the City of Munising, currently employs around 55 people. Services provided by HCI include local and long distance voice, dial up and high speed internet, calling features, voicemail and web hosting services. Services provided by Hiawatha Telephone Company have the ability to provide technology needs to new businesses locating in the Munising area.

Other major employers in the area include Munising Memorial Hospital with 95 employees (2007), Tendercare Health Center with 100 employees (2007), Munising Public Schools with 126 employees (2009), and Pictured Rocks National Lakeshore and Hiawatha National Forest with 20 permanent employees and about 30 seasonal employees (2009).

The largest employers in the greater Munising area, according to MESC 2007 data, are presented in Table 2-5. State and Federal government agencies employ numerous Alger County residents.

Table 2-4 Major Area Employers			
Employer	Location	Number of Employees	Type of Business
Alger County Maximum Prison	Munising Township	369	Prison
Neenah Paper	Munising	300	Paper Mill
Timber Products Company	Munising Township	230	Sawmill and Veneer Mill
Kewadin Casino, Inc.	Christmas	140	Gaming Casino
Munising Public School District	Munising	140	Public School System
Tender Care Health Center	Munising	75	Health Care
Munising Memorial Hospital	Munising	95	Health Care
Hiawatha Telephone Company	Munising	55	Telecommunications
People's State Bank of Munising	Munising	25	State commercial bank
Pictured Rocks National Lakeshore and Hiawatha National Forest	Munising/Munising Township	20 permanent and ~30 seasonal	National Lakeshore and National Forest

Source: Michigan Employment Security Agency, ES 202, 2007 and Pictured Rocks National Lakeshore, 2009.

There are limited commercial enterprises in Burt Township including Lake Superior Brewing Company, Burt Township School, a hardware store, grocery store, builders, concrete business and tourism support businesses including rentals. There is developable property located east of Grand Marais to the County line and the extension of electrical service to these areas would be beneficial for economic development purposes. The lack of a sewer system, which is planned for the future, currently impedes economic development as well.

Burt Township had its beginning with the natural resources based economy, which continues to this day with timber production including portable sawmills, charter fishing operations and sand/gravel pits. With 43.1-percent of the population age 65 or greater, Burt Township has become a retirement community as well as bedroom community of the Munising area. There are no commercial farms in Burt Township at this time; the National Park service owns much of the arable land in the Township. There is a successful cottage industry soap manufacturing business in operation.

When examining where the residents of Burt Township work, it appears many of them work near their homes. The mean travel time to work for Burt Township workers is 5.7 minutes; workers in Alger County take about 17.3 minutes to get to work.

Approximately 92 percent of Burt Township residents work in Alger County; the remaining 8 percent work in Michigan outside of Alger County. Of those working in Burt Township, 36.4 percent walk to work; 2.8 percent work at home. Only 6.4 percent of Alger County residents walk to work while 5.0 percent work at home.

In 1990, female participation was approximately 47 percent of the labor force. In 2000, female participation in the labor force had increased to 51.5 percent. American Community Survey estimates for 2005-2009, approximately 54.9 percent of women participated in the labor force.

INCOME TRENDS

Examination of local income trends, and comparison of local income figures to state and national averages, provides information about the amount of wealth that is available locally for expenditures on goods and services. Income figures also reflect the wages and salaries paid to local workers. The income generated by a single individual or family is a good representation of the wages and salaries paid by employers in the area.

Household incomes are presented in Table 3-6 for the Township, County and State. Of the 123 estimated households in Burt Township, 37.4 percent reported median household incomes over \$50,000. Eight households reported annual incomes less than \$10,000.

Table 2-6
Households by Annual Household Income, Selected Areas, 2005-2009

Annual Income	Burt Township		Alger County		State of Michigan	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000	8	6.5	349	9.3	308,694	8.0
\$10,000-\$14,999	9	7.3	256	6.8	220,515	5.7
\$15,000-\$24,999	20	16.3	506	13.4	434,594	11.3
\$25,000-\$34,999	15	12.2	529	14.0	434,302	11.3
\$35,000-\$49,999	25	20.3	526	13.9	576,877	14.9
\$50,000-\$74,999	38	30.9	821	21.8	735,542	19.1
\$75,000-\$99,999	8	6.5	467	12.4	474,955	12.3
\$100,000-\$149,999	0	0.0	218	5.8	437,708	11.3
\$150,000-\$199,999	0	0.0	66	1.7	131,864	3.4
\$200,000 or More	0	0.0	34	0.9	105,109	2.7
Total	123	100.0	3,772	100.0	3,860,160	100.0

Source: U.S. Bureau of the Census, American Community Survey Estimates 2005-2009, Selected Economic Characteristics.

Median household incomes and median family incomes are shown for all Alger County jurisdictions in Table 2-7; Burt Township reported the lowest median household and median family incomes of all Alger County jurisdictions.

Table 3-7
Median Incomes, Alger County Jurisdictions, 2005-2009

Jurisdiction	Median Household Income	Median Family Income
Burt Township	\$27,981	\$42,708
Au Train Township	\$55,730	\$59,205
Grand Island Township	\$73,648	\$89,754
Limestone Township	\$38,529	\$44,063
Mathias Township	\$33,571	\$70,446
City of Munising	\$32,500	\$49,856
Munising Township	\$51,080	\$56,964
Onota Township	\$46,250	\$72,875
Rock River Township	\$41,587	\$46,806
Alger County	\$41,234	\$61,043
State of Michigan	\$48,700	\$75,458

Source: U.S. Bureau of the Census, American Community Survey Estimates 2005-2009, Selected Economic Characteristics.

ISSUES AND OPPORTUNITIES

- The area economy is and has historically been linked to the area's natural resources and geography. Whether used as raw materials, as in the case of the wood products industry, or for recreational activities, natural resources such as timber, lakes, shoreline and geographic features are vital to businesses in the area.
- Burt Township has the opportunity to continue to market the area as a destination for four season recreational activities. The natural surroundings provide favorable circumstances for area tourism promotion.
- There are limited commercial enterprises located in Burt Township; many support the tourism industry. Future economic development could be aided by the expansion of electric services east to the County line and the development of a municipal sewer system in Grand Marais.
- There are no commercial farms in the Township at this time. There are limited manufacturing operations in Burt Township. The timber production industry and related businesses remain a strong economic force in the area.
- Alger County is dependent on the forest products and tourism industries. Diversification of the local economy may be necessary.
- The majority of Burt Township residents work in Alger County; over 36.4 percent of Township residents reported walking to work and the mean travel time to work was only 5.7 minutes.
- Unemployment rates for Alger County generally coincide with Upper Peninsula rates, but have increased in recent years. Alger County tends to report a significantly higher unemployment rate than both the State and the country.
- Over 37 percent of Burt Township households reported annual incomes over \$50,000 in from 2005-2009. Burt Township's median household income is lower than all other Alger County jurisdictions and the state.