

Chapter 3 ECONOMICS

INTRODUCTION

This chapter discusses characteristics of the Tri-Community economy, including median income, housing value, state equalized value of property, the employment, workforce characteristics and recent building permit activity.

ECONOMIC BASE

The primary reasons people visit or live in the three communities are to enjoy the scenery and recreational opportunities and to live in a picturesque, safe place while they commute to nearby (or distant) urban centers. Beach recreation, boating and other water activities, shopping, art galleries and enjoying the scenery are the primary attractions for both tourists and year-around residents. While agriculture, industry and tourism are important economic sectors represented in the Tri-Communities, tourism is king. The impact of travel on Allegan County was estimated at over \$98 million in 1996, the last time an estimate was made (Allegan County Tourism Profile, Tourism Resource Center, Michigan State University). This is based in part on an estimated 1.8 million pleasure trip nights. Due to the high relative importance of the Tri-Communities in the tourism economy of Allegan County, the Tri-Communities share of the County travel dollar should be large.

INCOME

The median household income in the Tri-Communities was \$43,113 in 2000. This was slightly lower than that of Allegan County, where it was \$45,813. Median household income ranged from \$41,250 in Douglas to \$43,771 in Saugatuck Township to \$44,318 in Saugatuck City. Both Douglas and Saugatuck City nearly doubled median household income between 1990 and 2000. (There was no information for Saugatuck Township for 1990.)

Table 3-1
Tri-Community Median Income, 1990-2000

Community	1990	2000	Total Change 1990-2000	% Change 1990-2000
Douglas City	\$24,022	\$41,250	\$17,228	72%
Saugatuck City	\$23,792	\$44,318	\$20,526	86%
Saugatuck Township	\$30,023	\$43,771	\$13,748	46%
Tri-Community Average	\$25,946	\$43,113	\$17,167	66%
Allegan County	\$30,596	\$45,813	\$15,217	50%
Michigan	\$31,020	\$44,667	\$13,647	44%

Source: US Census

HOUSE VALUE

Housing is either very valuable in the Tri-Communities or very expensive, depending on your perspective. Median house value for the Tri-Communities was \$173,700 in 2000. Value was the highest in Saugatuck City, at \$184,400, with a median value of \$175,000

in Douglas and \$161,700 in Saugatuck Township in 2000. These values were substantially higher than the median for Allegan County, which was \$115,500 in 2000.

Table 3-2
Tri-Community Median Home Value, 1990-2000

Community	1990	2000	Total Change 1990-2000	% Change 1990-2000
Douglas City	\$99,900	\$175,000	\$75,100	75%
Saugatuck City	\$99,900	\$184,400	\$84,500	85%
Saugatuck Township	\$94,900	\$161,700	\$66,800	70%
Tri-Community Average	\$98,233	\$173,700	\$75,467	77%
Allegan County	\$59,300	\$115,500	\$56,200	95%
Michigan	\$60,600	\$115,600	\$55,000	91%

Source: US Census

High home value brings attractive returns on investment, but also prevents many from buying homes in the community, including part-time and seasonal workers typically needed in a tourist or recreational area and young adults with moderate incomes. High property values can provide communities with substantial tax revenues, but can also make property owners less willing to support millage increases. High property values in the City and Village can place additional development pressure for lower cost housing on the more rural parts of the Township where land values and taxes are lower, followed by the demand to extend public services.

WORK FORCE

The workforce numbered 2,000 for Saugatuck Township (including the City of the Village of Douglas) in 2003 and 725 for Saugatuck City. The unemployment rate was 6.8% in Saugatuck Township (including the Village) and 7% in Saugatuck City. See Table 3-3. This rate was about average for Michigan (7%) in 2003 and only slightly higher than Allegan County, at 6.6%. On average, about 175 persons were unemployed per month in Saugatuck City, Saugatuck Township and City of the Village of Douglas during 2003.

Table 3-3
Tri-Community Workforce and Unemployment Rate, 2003

Community	Workforce, 2003 Avg.	Unemployment Rate, 2003 Avg.
Saugatuck City	725	7.0%
Saugatuck Township and Douglas City	2,000	6.8%
Allegan County	58,000	6.6%
Michigan	5,107,000	7.0%

Source: Michigan Department of Career Development, Office of Labor Market Information – LAUS Data

Note: Douglas City included in Saugatuck Township.

EMPLOYERS

Countywide, manufacturing is the largest employment sector, with over 13,000 employees. Total annual wages for those sectors was approximately \$550 million and \$73 million, respectively. Other strong sectors include retail trade with 3,883 employees, accommodation and food service with 2,754 employees and food service and drinking places with 2,436. Annual wages for those sectors were approximately \$75 million, \$29 million and \$25 million, respectively.

There are a variety of employers in the Tri-Communities. These include manufacturing, marine services, food service, public employers and others. Table 3-4 lists many of the major employers, but certainly not all employers. Many of the employees are part-time or seasonal, reflecting the high activity of the summer season.

Table 3-4
Tri-Community Major Employers and Number of Employees, 2004

	Full Time/Year Around	Part Time/ Seasonal	Total Employees
City of the Village of Douglas			
Douglas Marine	NP	NP	30
Haworth	NP	NP	121
Enterprise Hinge	NP	NP	12
Tower Marine	NP	NP	22
City of Saugatuck			
Coral Gables	4	50	54
Butler	4	50	54
Marros	0	50	50
Saugatuck Schools	0	50	50
Mermaid	4	30	34
Toulouse	4	20	24
Saugatuck Drugs	4	8	12
Wilkins Hardware	4	8	12
Saugatuck Yacht Service	3	8	11
City of Saugatuck	8	0	8
Saugatuck Township			
Clearbrook	15	40	55
Ravines	3	31	34
Spectators	30	NP	30
Paramount Tool	25	NP	25
Best Western	5	10	15
Total	140	355	495

Source: City of the Village of Douglas, Saugatuck Township and City of Saugatuck
 NP = Not Provided Separately

SEV

State Equalized Value (SEV) is a measure of taxable value of real property in a community according to a set of State rules that seek to reflect 50% of true cash value. Real property in the agriculture, industrial, commercial and residential tax classes is

reported in Table 3-5 for 1995 and 2003 in the three communities separately and as a total for the Tri-Communities. SEV for the City of the Village of Douglas is included with Saugatuck Township. Agriculture property and industrial property were each very small portions of the SEV of real property in 1995 and 2003, both tax classes dropping below 2% of total real property in the Tri-Communities by 2003. Industrial property disappeared entirely from Saugatuck City by 2003, leaving only commercial and residential property classes in the City. Commercial SEV in the Tri-Communities was 17.4% of total SEV in 1995, but declined to 15.6% in 2003. At the same time, residential SEV in the Tri-Communities rose slightly from 78.4% to 81.8% of total SEV, to remain the dominate tax class. Total SEV was \$295,232,508 in the Tri-Communities in 2003.

Table 3-5
Tri-Community State Equalized Value, 1995 and 2003

	Agriculture	% of Total	Residential	% of Total
1995				
Saugatuck City	\$0		\$35,672,256	69.3%
Saugatuck Township & Douglas	\$3,408,888	3.0%	\$92,466,550	82.6%
Tri-Communities	\$3,408,888	2.1%	\$128,138,806	78.4%

2003				
Saugatuck City	\$0		\$65,960,665	76.9%
Saugatuck Township & Douglas	\$4,080,518	1.9%	\$175,505,152	83.8%
Tri-Communities	\$4,080,518	1.4%	\$241,465,817	81.8%

	Commercial	% of Total	Industrial	% of Total	Total Real Property
1995					
Saugatuck City	\$15,005,710	29.2%	\$789,750	1.5%	\$51,467,716
Saugatuck Township & Douglas	\$13,380,300	11.9%	\$2,742,300	2.4%	\$111,998,038
Tri-Communities	\$28,386,010	17.4%	\$3,532,050	2.2%	\$163,465,754

2003					
Saugatuck City	\$19,760,433	23.1%	\$0	0.0%	\$85,721,098
Saugatuck Township & Douglas	\$26,411,437	12.6%	\$3,514,303	1.7%	\$209,511,410
Tri-Communities	\$46,171,870	15.6%	\$3,514,303	1.2%	\$295,232,508

Source: Michigan Department of Treasury

BUILDING PERMITS

The number of building permits issued by a community is an indicator of recent commercial, industrial and residential building activity. Table 3-6 shows that the three communities have averaged about **86** new structures per year from 2000 to 2003, with the exception of 2002 when there was a spike to **113** new structure permits. Most of this activity has been in Saugatuck Township. Building activity was primarily residential, with only four commercial building permits issued in the City of the Village of Douglas between 2000 and 2002, the remainder were new building permits for homes. In Saugatuck Township in the period 2000-2003, three duplexes were built and twenty-nine double-wide manufactured homes were permitted, which are included in the totals in Table 3-6.

Table 3-6
**Tri-Community Number of Building Permits
 for New Structures, 2000-2003**

Community	2000	2001	2002	2003
Douglas	4*	12*	32	14
City of Saugatuck	17	2	10	4
Saugatuck Township	62	65	71	51
Total	83	79	113	69

Source: City of the Village of Douglas, City of Saugatuck and Saugatuck Township.

**During the period May 24 2000 to March 30, 2001, building permits were issued by the State of Michigan and not the City of the Village of Douglas. The number of permits issued by the State of Michigan during this period was not available. It is likely that between 10 and 20 building permits were issued in Douglas during this period. If 15 were used as the number, then the total in 2000 would be 130 and the total in 2001 would be 132.*

If the 2000 to 2003 average rate of building were to continue, the number of households could reach about 3,000 by 2010 and about 3,900 by 2020. This rate is higher than that for the period 1990 to 2000, and would lead to a population of about 600 higher than projected for 2010, or about 6,000 persons (See Table 2-2) based on the rate of population increase between 1990 and 2000, or about 1,500 higher for 2020, or about 7,700 persons if household size remained at about 2 persons per household (average for the Tri-Communities). Both Saugatuck Township and the City of the Village of Douglas have enough undeveloped land to accommodate such growth, but building activity in the City of Saugatuck may focus on remodeling, and thus not increase population as rapidly.