



BusinessExaminer

P R O F I L E

STARS OVER ENDERBY



FROM PAGE 13: THE SHUSWAP RIVER, WHICH WINDS THROUGH THE HEART OF THE TOWN, IS SYMBOLIC OF THE LIFESTYLE AND EASY GOING RELATIONS THAT DEFINE SMALL TOWN LIFE.

ABOVE LEFT: TATE BENGSTON OF THE ENDERBY CHAMBER OF COMMERCE HIGHLIGHTS THE TOWN'S LOW TAX RATE AS ONE ATTRACTION FOR BUSINESS.

ABOVE RIGHT: BEHIND THE TOWN'S SLEEPY MAIN STREET FACADE IS ONE OF THE MOST VIBRANT LIGHT INDUSTRIAL SECTORS IN THE VALLEY.

STARS OVER ENDERBY

STORY & ALL PHOTOS BY DEVON BROOKS

INTRODUCTION

In Canada we often rail when we feel slighted or, what is arguably worse, are ignored by the United States. We also know that human nature being what it is the Americans aren't slighting us, they simply are more focused on things closer to home. We have to work harder just to get attention.

Because that is basic human nature we do the same thing in our own backyard, giving the lion's share of attention to the big three civic centres in the Okanagan while often ignoring notable achievements of smaller communities.

Take Enderby as a prime example. A small community with less than 3,000 people, Enderby is achieving what many other communities say they want but seem to do little about. In this case the town has built a strong industrial sector providing good jobs and a diversified tax base.

It is no accident that industry wants to locate there – the town has the welcome mat out. Tate Bengston, executive director of the Enderby & District Chamber of Commerce, says, "I believe we have the smallest tax rate for light industry in the Okanagan."

Bengston also pushes what he terms the '6 L's'. By this he means Low taxes; Labour and Location, which allows Enderby to draw on much larger populations south and north for a bigger labour pool. Lower real estate prices contribute to an enviable Lifestyle and suggests available Land. Finally he endorses Enderby's Licensing regime, which is a "perpetual business license" program, one of many ways Enderby works to reduce red tape.

In addition while other cities say they want more clean, light industry they dither about zoning or setting land aside, Enderby quietly put aside an unserviced 16.5 acre parcel.

It also doesn't hurt that Enderby boasts the last credit union that hasn't jumped on to the merger mania, keeping its local roots, well, local. Ted Morrison is general manager of the Enderby & District Credit Union. He explains why they have resisted buy out offers, "We strongly feel the community would suffer if we were a branch."

The Credit Union has a hand, he says, in virtually every single event, charity and community cause in town. Solidly profitable, Morrison says last year's recession gave pause to the credit union's growth rate; significantly, it still made money.

He credits the track record to being more risk averse than other lenders, but with a \$50 million base they are the single largest financial factor in the town's financial foundations for both residential and business loans.

Nor has the town put all its eggs in the basket of industry. It benefits from the tourism factor that being on Highway 97 brings. With three small hotels, 20 odd B&Bs and eight campgrounds Enderby simply does not have the room base for a hotel base that other municipalities have used to fund tourism with a room tax. That hasn't stopped the community from experiencing a better than 40% increase in tourism over 2008.

Visitors jumped from 7,602 to 10,920. Parties had a similar increase from 4,885 to 7,446. Americans virtually disappeared from the area in 2008, but Bengston reports they are nudging back onto the radar screen. Albertan visitors are down, but the big increase was from visitors who live within a three to four hour drive.

Part of the increase might be from a new service, the Tube Taxi, which started up this year. It offered visitors the chance to float down the incredibly beautiful meander that is the Shuswap River. As the river is also the town's water source the new company met with controversy because people

are concerned about pollution from the hordes of people that floated downstream. It is equally difficult to pin down how many dollars flowed to local businesses from the new venture.

While debate about using the river as a tourist draw continues, the town continues to host an industrial base that is amazing for its size. Five of Enderby's diverse industrial stars are highlighted below.

NORTH VALLEY FRAMEWORKS

One of Canada's industrial liabilities is that it is suffering from a productivity gap, often because industry is not investing in the technology that will make the difference. North Valley Frameworks (NVF) is a showcase on how to get it right with automated, laser-accurate equipment used to design and build precision frames for buildings of all sizes.

Owner Mark Ibbestson gets so enthusiastic that he can't help boasting about one of the things the new technology is capable of: "The automated system will flip a piece of wood over to maximize the use of the wood."

Ibbestson should be enthusiastic. The programming allows every piece of wood over 5.5 inches to be used. The program is so sophisticated that if a piece of wood has an angle cut or there is a chunk missing, the equipment can turn or flip the piece to make the most efficient use of the remaining piece.

Ibbestson says, "Over the course of a year this saves four loads of wood we figure."

After purchasing NVF less than two years ago he invested US \$260,000 to obtain the new equipment and a further \$160,000 for the software to run it. Since then he has invested a lot of time to make



MARK IBBETSON, OWNER OF NORTH VALLEY FRAMEWORKS, STANDS NEXT TO THE AUTOMATED SAWS THAT MEASURE AND EXTRACT EVERY PIECE OF USEABLE WOOD DOWN TO FIVE-AND-A-HALF-INCH SCRAPS.

the whole process run smoothly, resulting in a greater and greater cost saving.

The trick wasn't just the equipment. It is designing, numbering and marking every piece of wood in a building and programming every one into the computer so it can get the maximum amount of usage out of every piece of lumber right from the start of a project.

When Ibbetson started the process, it would take three to four weeks to program in all the dimensions and pieces of wood for a job. After two years of practice he says most structures are entered into the system in three or four days.

At full tilt, NVF runs a team of 19 people. This past summer the construction slow down had the crew down to half that, but Ibbetson says the material and time savings resulting from this methodology gives NVF a tremendous edge. He calculates traditional methods of construction and labour to cost between \$20 and \$30 per hour. His equipment has cut that cost to about \$16 per hour, a 25 to 47% saving.

Framing time drops by about a third, less material is used and less dumped. North Valley estimates that for every 10,000 sq. ft. of structure a week of labour is saved during construction.



EVERY PIECE OF WOOD COMING OUT OF NVF IS CODED USING AN INKJET PRINTER SO THAT BUILDERS KNOW EXACTLY WHERE EACH PRECISION-CUT PIECE OR SECTION GOES.

DELTA-C TECHNOLOGY

If you think that Enderby would not be the place to find cutting edge products serving the oil and gas industry that's only because you don't know about Delta-C Technology. The firm manufactures watercut monitors that accurately measure water content, a key concern in oil production and transportation.

Says owner Dhane Merriman, "Our primary customers are those that move the oil or the

HEATING WITH WOOD



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Most of us associate "wood heat" with polluting the environment, unpleasant smells, labour intense and unreliable equipment. We think we are on the right track by burning fossil fuels and by restricting or even outlawing wood heat.

By seriously looking at this issue with an open mind we will find that our opinions about wood heat are often based on assumptions and not on facts. The Europeans have dealt with the polluting of the environment from wood heat appliances in the past. Stringent emission laws have been enforced instead of banning the use of wood heat and the manufacturers of wood burning appliances had to conform to these standards.

Modern equipment to produce heat from biomass has been available on the European market for over 30 years!

We might just have to "pull our head out of the sand" and start looking at how we can apply modern wood heating technology in a greater way in British Columbia. We all agree that we don't like the increasing energy prices, that we don't like to be depending on the availability of imported fossil fuels and that we don't like the fact that our air quality is getting worse progressively. Using bio-mass can have a positive impact on the air quality. If biomass replaces oil or coal, SOx (sulfur oxide) emissions are cut sharply because wood combustion produces virtually no SOx.

According to the standards of the U.S. Environmental Protection Agency, industrial-sized wood boilers produce less NOx (nitrogen oxide) emissions than comparable systems burning

fossil fuels. While uncontrolled wood burning (such as in an old-style wood stoves or primitive industrial boilers) emits high levels of particulate matter to the atmosphere, today's modern wood boilers are highly regulated and usually have state-of-the-art emission control devices. This technology allows modern biomass boiler plants to reduce their particulate and carbon monoxide emissions to well below those of the old fossil-fuel furnaces and boilers they replace.

In 2001, one of these "modern boilers" made its way to Enderby. Fink Machine has installed a KOB BOILER (KOB is member of the VISSMANN GROUP) from Austria to heat their 5000-sq. ft. plant with wood chips.

After experiencing the benefits of this automatic wood chip boiler, Fink Machine started to import more of these wood boilers and became the sales and service agent for KOB BOILERS in Canada. Since then, the KOB BOILERS have been installed in schools, industrial plants, hospitals, greenhouses and other applications. KOB BOILERS has been one of the most innovative providers of wood-fired heating systems for almost 30 years. The company has received numerous awards for its innovations in the environmental sector. The emissions of the KOB Boilers are well below the federal and provincial standards. Fink Machine is equipped to perform emission tests on these boilers and therefore is able to show these outstanding results to each customer on site.

Economically attractive is to switch to biomass heat, especially for commercial, industrial, institutional and district heating applications. Depending on the application, the fossil fuel consumption may be

completely eliminated, and annual energy cost reductions of up to 80% are achievable! Greater savings are still achievable for facilities which have their own wood waste from manufacturing processes!

GOOD REASONS FOR SWITCHING TO BIO-ENERGY:

- 1) **Savings**
Biomass energy systems generate multiple savings by using a more efficient heating system; replacing fuel that is imported (oil, gas, propane) to the community with lower cost, local fuel (wood chips, sawdust, pellets ...).
- 2) **Reliability**
Biomass technology is mature and reliable, widely used in many applications in Europe and around the world.
- 3) **Security**
Security of supply is an important consideration. Biomass systems based on locally managed resources, provide more energy stability, shelter users from price shocks and escalating prices associated with other energy sources, and as well as enable local institutions to stretch reduced budgets even further.
- 4) **Wealth Creation**
"Keeping the energy dollars at home". Biomass energy systems can be a major catalyst in community wealth creation by displacing imports using local resources, avoiding waste disposal costs, creating jobs associated with use of local fuel source, and generating new business income.
- 5) **The Environment**
Biomass energy systems are based on a renewable resource and are

considered CO₂ (carbon dioxide) neutral. Disposal of wood waste, which often creates local pollution problems, can be reduced and instead heat can be produced. The landfills are filling up fast enough; we don't need to ship hundreds of tons of perfectly good "fuel" to the dump so it can be buried.

Instead of burning large slash piles in the bush, we could use the chipped wood to heat our communities and also lower the negative impact on the local air shed, as well as lowering our energy bills.

Canadian pellet mills produce more than 1,000,000 tons of high quality pellets per year. Over 90% of these pellets are being shipped to Europe! It would be a greener option for the environment -- and for Canada's "embarrassing" reputation as one of highest per capita producers of greenhouse gases in the world -- to make use of the pellets in cutting emissions at home and not to ship them half way around the planet.

We have a "desperate need" for a Canadian strategy to better tap into the country's incredible and largely unappreciated "bio-energy" potential.

We have the wood, the technology, and we have attractive government incentives available on the federal and provincial levels.

WHAT IS HOLDING US BACK?

Fink Machine Inc. is a supplier of high quality machinery for the bio-energy industry. We offer new revolutionary technologies that have a positive impact on interests such as global warming, alternative heating, and sustainability!



DELTA-C'S DHANE MERRIMAN EXPLAINS HOW ONE OF HIS UNITS DETECTS WATER IN OIL, CRITICAL TO PRODUCERS AND PIPELINE OPERATORS AROUND THE GLOBE.

producers who must prove to the pipeline companies that they have little water in it."

Merriman is not talking about much water either. More water than 0.5% is a problem, but Delta-C's instruments have a resolution of 10 parts per million (ppm) with an accuracy of 100 ppm or .01%.

In fact Merriman says these are the most "sensitive units" available on the market.

Merriman bought up Delta-C in 2007 from the previous owner Herman Doublet who started the company in 1989.

Merriman used to be in Alberta until he retired from business. Settling into the Shuswap he was soon bored, prompting him to buy out Doublet. But Merriman has expanded on the old Delta-C by also buying up the company in Calgary that made the electronics control devices for the monitors.

Merriman integrated the two companies in to the Enderby facility. Now the electronic controls and monitor construction occurs in one facility under the strictest quality controls.

Although the Alberta oil connection is the obvious one Delta-C also sells around the globe, boasting customers from China and the United Kingdom.

Merriman sees no contradiction in selling to the world from a small town on the Shuswap River.

Competitors sell their units for around \$50,000, while Delta-C's two series and five models of monitors are in the \$30,000 range.

Price alone isn't enough, suggests Merriman. Delta-C's solid reputation is good but he wants to get the word out. Little marketing efforts were made in the past, but that too is going to change as the Merriman works on marketing and licensing agreements around the world.

FINK MACHINE

The Fink Machine Company is named for Burkhard Fink. This kind of light industry is the kind that every municipality hungers for. It is highly skilled, in a growth sector and it is more than green. It is one of the firms setting the standards for green.

The core of Fink's business is the KOB Wood Boiler, which is an ultra-efficient wood burning furnace built for large scale buildings. Fink says the energy costs are equivalent to a natural gas boiler. Wood—partly thanks to the pine beetle—scraps are readily available for making fuel, and; the boilers fit in with society's continuing push to reduce our carbon footprint on the environment.

The boilers achieve a 90% efficiency rating and heat buildings from 10,000 sq. ft. and up. A boiler generating 3 million BTU (units can put out up to

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8.5 million) will use 500 lb. of material per hour. Fink's facility is 16,000 sq. ft. He has one hopper outside that provides sufficient fuel for the whole building throughout a winter and shoulder seasons.

The burning process is so thorough that total weight is 0.2 to 0.3% of the original wood source.

Fink, with a staff of four, have sold 38 of the company's KOB wood boilers over the past nine years, but sales have increased sharply of late. Says Fink, "A quarter of them were in the last year."

Unfortunately none of those sales are local; although Fink says, hopefully, "I think they are doing an energy audit in Vernon on municipal buildings."

Mostly though, the Okanagan simply isn't looking. The closest sale Fink has made is to a school in Quesnel. Fink believes the challenge his company needs to overcome are old-fashioned, negative connotations associated with wood burner technology.

Ideas like the one that wood burners need someone at the side stoking the fire in a smoky-smelling basement all night.

Fink's burners are self loading. Even the feed units are designed to automatically back up in case a piece of wood jams. Heat distribution is also far advanced from anachronistic notions of one room hot as a furnace. Fink's units can heat one building or be designed to heat an entire complex of buildings over a larger area.

Fink doesn't actually manufacture these units. Parts come from Germany, but it is Fink that puts them together, custom designs them to meet client needs and sells any or all support equipment necessary.

Support equipment includes hoppers to store wood supplies, wood hogs to cut wood into smaller pieces suitable for the burners and even briquette presses that can turn tiny scraps or sawdust into easily transported, more compact wood pellets.

TOP: COMPANY OWNER BURKHARD FINK, STANDS IN FRONT OF THE FUEL HOPPER THAT HAS ENOUGH CAPACITY TO KEEP HIS PLANT WARM FOR 12 MONTHS.

BOTTOM: THIS KOB BIOFUEL BOILER IS THE HEART OF THE ULTRA-EFFICIENT WOOD-BURNING FUEL SYSTEMS THAT FINK IS SELLING THROUGHOUT WESTERN CANADA.



PETER SPERLICH EXPLAINS THAT HIS MID-TO UPPER END LOG HOMES ARE SOLD IN JAPAN, GERMANY, AUSTRIA AND THE U.S.A

SPERLICH LOG HOMES

This firm, which manufactures beautiful and rugged log homes, is celebrating its twentieth anniversary. CEO Peter Sperlich, who took over from his father, says the company sells medium to high end houses. Despite the worldwide recession, he says, "We haven't really experience any slow down."

That is because the company is so thoroughly diversified in its markets that if one area, such as the U.S. where sales have dropped off, is suffering, others pick up the slack. Germany and Japan have been two major markets over the past two decades and at the time of this interview Sperlich was working on a dozen contracts for Japanese customers.

Agents had just opened the company up to new markets in Austria, Italy and France.

This was part of the business model from the beginning says Sperlich. "The long term plan was to have some diversification and position ourselves globally."

Sperlich explains their ability to shrug off the downturn as being their top of market placement. "The reality is we're using a premium softwood so we're top of the food chain."

Sperlich only uses western red cedar logs of a certain size, which he describes as the "best wood possible". The custom designed homes are constructed on the Sperlich site in Enderby, then taken apart and shipped to their final home where carefully trained local agents put them back together.

On occasion, for particularly complex or large structures (up to 10,000 sq. ft.) someone from the Enderby head office will go over to supervise.

Despite its ongoing success Sperlich says the company, like every other business, has to move with the times. Logs "must be harvested with minimal impact to the ecosystem and the harvested area must be replanted."



THESE LOGS ARE WESTERN RED CEDAR, THE MOST DESIRABLE FOR LOG BUILDING AND THE HARDEST TO COME BY, WHICH IS WHY SPERLICH HOMES ARE SOUGHT AFTER FOR THEIR QUALITY AND DURABILITY.

He says the amount of top quality fibre that meets their ecologically oriented specifications is the only limiting factor they have but says the company has reached what the Sperlich family terms a "comfortable size". Here he says income provides secure employment and rich opportunities for his family and his skilled employee force.

OKANAGAN FERTILIZER

Art Clancy has turned over the operation of Okanagan Fertilizer to his son Ken, but he comes out to show people around the packaging and loading facility of the company he's been around since it opened in 1976.

Okanagan Fertilizer is the only fertilizer manufacturer in the interior and the last independent service in the province. The company offers bulk custom orders, packaging and product specialities to match the needs of many local growers from farmers to golf companies. The company prides itself that all "fertilizer products [undergo] high analysis, are uniformly sized and dust free."

If Canadian companies are often accused of not keeping up with new techniques or improved efficiencies Okanagan Fertilizer leans the other way to ensure manufacturing is still profitable. They will sell to farmers directly to stay cost competitive, they have embraced GPS technology to improve spreading accuracy and speed the process at peak times and uses Roundup Ready Corn products and Duration CR, which is a polymer coated urea. This, says the company's website, "...is engineered to release nitrogen based on soil temperature regulated osmosis. Nitrogen is delivered to the plant with maximum efficiency needed for optimum growth. Concerns about



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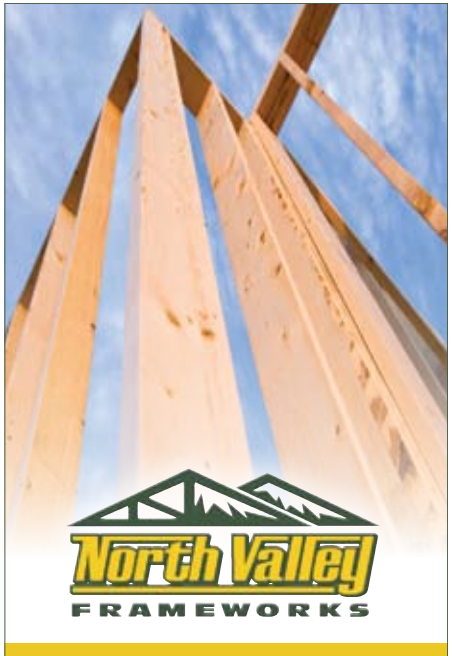
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leaching, denitrification and volatilization are eliminated.”

The company has suffered from the downturn last year, but, says Art, their biggest concern is the recent closure of the Canadian Pacific spur line.

Without rail transport of raw ingredients into the area input costs will rise steeply, perhaps enough to kill the business and SureCrop, the Grindrod based company that is also dependent on the rail line.

The rail line decision was sparked by the closure of the Lavington glass plant, which CP says takes away the profit margin from the spur line. Originally CP obfuscated as to whether they would sell the rail line to competitors, which bothered many in Enderby. Tate Bengston says, “CP wants out of the spur line business, but they don’t want competition to make use of it.”

Finally, on October 8 CP announced it was putting the 51 km line up for sale. SureCrop indicated a month earlier it was interested in purchasing 13 km, but admitted it couldn’t do it without government support or some other kind of backing.

Local politicians have been getting involved but so far the \$4 million price tag and ongoing maintenance costs are proving a challenge.



THIS FERTILIZER, ONE OF A DOZEN PRODUCTS THAT OKANAGAN FERTILIZER DEVELOPED FOR THE UNIQUE NEEDS OF PARTICULAR KINDS OF CUSTOMERS LIKE GOLF COURSES OR FARMERS, IS THE ONLY FERTILIZER MADE IN THE REGION. THE OKANAGAN FERTILIZER PLANT IN ENDERBY REDUCES COSTS BECAUSE OF CUSTOMER PROXIMITY, BUT IS THREATENED BY CP’S DECISION TO CLOSE DOWN THE SPUR LINE THAT BRINGS IN CRUCIAL RAW PRODUCTS.



Enderby Snapshot

Incorporated: 1905

Area: 4.2 sq. km

Located in the North Okanagan Regional District

EMPLOYMENT

In 2006 out of a total labour force of 1,265 persons, the three biggest employer sectors: construction (170 or 13.4%); manufacturing (160 or 12.6%); health care and social assistance (150 or 11.9%).

STATISTICS

Population 2,890 (2008)

Population aged 65+ in 2006: 27.3% (B.C. 14.6%)

Population growth rate for 2007-2008: 0.6% (B.C. 1.7%)

INCOME

Median household income (2006): \$43,804 (B.C. \$54,840)

Average income from those filing tax returns (2006): \$28,578 (B.C. \$38,523)

Main source of income for residents in 2006: Employment (58.5%), Pension (17.9%), Investment (8.4%), Other not counting self-employed (6.1%), Self-employed (5.5%)

BUSINESS

Business incorporations: 9 (2008) 6 (2006)

Business bankruptcies: Unknown

Total # of firms with no employees: 176 (June 2008)

Total # of firms with employees: 188 (June 2008)

170 companies had 1 to 19 employees, 15 companies had 20 to 49 employees and three companies had 50 to 199 employees

Chamber of Commerce members: 115

LABOUR FORCE BREAKDOWN:

Total labour force: 1,265 (2006)

Labour force as % of total population: 44.5% (2006)

Percent of labour force self-employed: 5.8% (2006)

BUILDING PERMITS

New residential units built: 6 (2008) 21 (2006)

Typical house value: \$419,722 (2008) \$174,700 (2004)

Value of new residential construction: \$1.6 million (2008) \$3.9 million (2006)

Value of other construction: \$1.2 million (2008) \$0.5 million (2006)



Small Town Spirit, Boundless Opportunity

The Enderby and District Chamber of Commerce welcomes your inquiries about entrepreneurial and investment opportunities as well as business expansion and relocation. Enderby truly offers it all.

Location | Enderby is strategically located as the the gateway between the Shuswap and the Okanagan. **Lifestyle** | Natural attractions, year-round recreation and urban amenities make Enderby attractive for your employees to live and work. **Land** | Commercial and industrial land in Enderby and the surrounding area is available for your business. **Labour** | The local labour force embodies the full skills continuum with post-secondary training institutions in close proximity. **Low taxes** | Enderby's taxation rates are the lowest in the valley on many classes, most notably light industry. **Licensing** | Red tape and expenses are reduced with Enderby's unique "perpetual business licence."

Come discover the welcoming spirit of Enderby today.

Enderby & District Chamber of Commerce

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