Meet AFPD’s new Executive Committee

On April 1, when the Associated Food Dealers of Michigan and the Great Lakes Petroleum Retailers and Allied Trades Association merged, a new Board of Directors was formed. With this change, Fred Daly, the reigning chairman of AFD, took the position of chairman of the new Associated Food & Petroleum Dealers (AFPD) Board of Directors.

It is the intent of this publication to bring pertinent news and information to the members of this newly formed association. Readers who previously received the AFPD Food & Beverage Report will note that this publication retains most of the same articles and features. We still profile member companies, include an editorial from the Chairman or the President, cover newsworthy events and include articles on the latest trends and issues that are relevant to our members.

Meet AFPD’s new Executive Committee

Membership Food and Beverage; Dennis Sidorski, of Howell, owner of Maple & Miller Marathon of Ann Arbor is Vice Chair of Membership-Petroleum/Auto Repair. Joe Bellino, Jr. of Monroe, owner of Broadway Market in Monroe is the Vice Chair of Government and Legislative Affairs-Food and Beverage; Pat Lavecchia of West Lake, Ohio, owner of Pat’s Cigars in Rocky River, Ohio, is Vice Chair of Government and Legislative Affairs-Petroleum/Auto Repair. Al Chittaro, of Livonia, executive vice-president of Faygo Beverages Inc. in Detroit is Vice Chair of Long Range Planning; John Denha of West Bloomfield, co-owner and manager of the 8 Mile Foodland in Southfield takes the position of Vice Chair of Community Relations; Jim Garmo, of Southfield, vice-president of Shopper’s Valley Market in Wyandotte, is the new Treasurer and Jim Hucks of Commerce Township, president of Metro Foodland in Detroit is the new Secretary for the AFPD Board of Directors.

New endorsed credit card program

Regardless of whether your credit card volume is high or low, AFPD is now helping members reduce their credit card processing fees. See page 11 for details.

“Connect” on the course at the AFD Foundation Golf Outing

Once again the Annual AFD Foundation Golf Outing is scheduled for Wednesday, July 12 at the beautiful Fox Hills in Plymouth. If you are looking for a good way to connect with others in the industry, have a great time and support a good cause then place your marker on the calendar that is to be set aside this important tee time!

Your support allows the AFD Foundation to award scholarships to deserving students in our industry. Plus it is a great way to greet old friends and make new ones! See page 19 for details and call Michele MacWilliams (248) 671-9600 to reserve your sponsorship, because you know it’s important to “follow through.”
Welcome to the new AFPD

By Jane Shalai
AFPD President

It is with great pleasure that I welcome you to the Associated Food and Petroleum Dealers, Inc. (AFPD), resulting from the merger of the Associated Food Dealers of Michigan and the Great Lakes Petroleum Retailers and Allied Trades Association. At our core, we are both retail organizations and have enjoyed much success helping our membership thrive in an ever-changing economic environment. Both of our organizations share a strong record and long history of advocacy, providing services and sharing valuable information with members. By joining forces, we intend to dramatically expand our operations. This merger took us one step toward our goal of representing more convenience stores and service stations by expanding our service operations into a new geographic market. The combined group, representing more than 4,000 retail locations in Michigan and Ohio will have more influence when sending its message to policymakers locally and nationwide.

The merger also brings us fully into the petroleum business for the first time. As our grocer members began entering into the petroleum industry through purchase of service stations and their accompanying convenience stores, we had a need for the knowledge and capabilities of an association familiar with this type of industry. The Great Lakes Petroleum Retailers and Allied Trades Association have a skill set that adds to ours, and this union promises to be a great connect.

My role here at the AFPD is to preserve and protect the existence and success of the independent retailer and to ensure that the independent retailer (grocers and service station dealers) can fairly compete in the market. The common thread is still “improving the bottom-line,” by bringing greater value to members. We are looking forward to an exciting future.

We will soon be introducing to you our new logo and image. Watch for the new look as it debuts over the next few months in the Food and Petroleum Report, on our website and in other materials. We value your membership and friendship and hope to see you at our many functions which are planned throughout the year.

Lastly, I would like to take this opportunity to extend a special invitation for all of you to attend the AFD Foundation Golf Outing on July 12. Held at the beautiful Fox Hills in Plymouth, the event is a great opportunity to meet others in our industry and benefit the AFD Foundation Scholarship Program at the same time. For more information about our golf outing, please go to page 19.

The Grocery Zone

By David Coverly

WELL, WELL, WELL... LOOKS LIKE WE CAUGHT OURSELVES SOME COCKTAIL SHRIMP...
Michigan Liquor Control Commission gives SDD Licensees the option to reduce liquor prices

Through the work of AFPD, its members and Michigan’s liquor vendors, Specially Designated Distributors (SDD) Licensees now have a means to mark down slow-moving products. A new Michigan law, MLC 436.1229 (2), allows SDD Licensees (Retailers) to mark down liquor below the minimum price that the Michigan Liquor Control Commission (MLCC) has designated under certain circumstances. Prior to this law’s passage, retailers had no means of disposing of unproductive inventory. The MLCC Bulletin No. 3097-17 gives details regarding price reductions. However, the intent of this article is to explain the procedure for marking down liquor in easy-to-follow terms.

The Law: MLC 436.1229 (2)

“The commission may, by rule or order, allow a specially designated distributor to sell alcoholic liquor at less than the minimum retail selling price in order to dispose of inventory at a price and under conditions and procedures established through that rule or order.”

Procedures for retailers to follow:

Any SDD retailer that wishes to mark down slow-moving items must fill out a Retail Price Reduction Form (LC-88) and submit it to the MLCC. (See box to the right for instructions on obtaining a form.) If the reduction is approved, the MLCC will send the retailer an Approval for Price Reduction on Liquor form. The SDD must also adhere to these rules:

1. Price reductions may be requested by an individual SDD licensee only on products which have not been purchased by that licensee from the MLCC for six months before making the request for a price reduction.

2. Price reductions will not be allowed for the top 30 statewide codes.

3. With the exception of the top 30 statewide codes, price reductions are available for any spirit product sold by the MLCC regardless of whether or not it is currently offered for sale by the MLCC.

4. The SDD licensee may not reorder a product in the same bottle size for which a price reduction has been granted by the MLCC for one year after receiving approval for a price reduction.

5. Value-added items are eligible for a price reduction. However, if approved for a price reduction, that product may not be reordered—regardless of its packaging—in the same bottle size for one year after the approval is granted.

6. The maximum price reduction that may be made is 75% of the minimum retail shelf price that is currently in effect for the requested product or that was in effect for that product when it was last offered for sale by the MLCC. The MLCC’s reduced retail shelf price will be indicated on the Approval for Price Reduction on Liquor form.

7. The allowable period of price reduction is three months from the date of approval for the price reduction of any particular item. An SDD licensee may apply for an additional price reduction period on that item at any time.

8. An SDD licensee desiring to make a price reduction must submit a request to the Commission on Form LC-88, “Request for Reduction on Liquor.” The request must specifically list those products, sizes, quantities, and percentage of reduction the licensee wishes to offer the products at a reduced price.

9. Once the SDD licensee receives the “Approval for Price Reduction on Liquor” from the MLCC, they must post it in a prominent place where the reduced liquor is being displayed during the period when price reductions are in effect.

10. The Commission, at its discretion, may refuse to approve any request for a price reduction.

In addition, it is the responsibility of the Authorized Distribution Agents (ADAs) and brokers to ensure that any SDD licensee that has received MLCC approval for a price reduction is prohibited from ordering that product for one year from the approval date.

To receive a Retailer Price Reduction Form (LC-88):

Online
Form available at following link: http://www.michigan.gov/documents/ cis_loc_lcb8_152141_7 pdf

By Fax
Call the AFPD office at (248) 671-9600 and ask for the Retail Price Reduction Form.
Mich. House passes incentives for alternate fuels

According to the Associated Press, gas stations could get tax incentives to provide fuels with higher ethanol and biodiesel content under legislation passed by the Michigan House. The bills are an attempt to reduce dependence on imported oil and to develop new markets for some Michigan agricultural products used to help make the renewable fuels. Some supporters say the legislation also could help the state's auto industry by encouraging the development of vehicles that run on alternative fuels. Motorists could get some of the incentives passed down to them.

"Michigan is simply at the bottom of too many lists, and this is Michigan's chance to lead the rest of the nation in renewable fuels and become competitive with our Midwest neighbors as we provide the incentives needed to increase production in this great state," said Speaker Craig DeRoche (R), according to a report by WOOD-TV.

Provisions in the bill include:
• Tax incentives for renewable fuels.
• Giving gas stations the opportunity to receive a grant of up to 50% of the total cost for converting an existing gas station to E85 (85% ethanol, 15% unleaded gasoline) or B5 (5% biodiesel, 95% diesel) fuel efficient.
• Offering a grant for 50% of the total cost for the construction of a new E85 pump, which could be up to $15,000 per facility, providing more business and economic development for Michigan retailers.
• Requiring state flex-fuel vehicles to use the fuels they were designed for.
• Creating 10 new renaissance zones in Michigan to be used specifically for manufacturing alternative energy to increase the supply of E85 for Michigan business and industry.
• Requiring the state Department of Agriculture to test diesel fuels to ensure Michigan residents are receiving the best quality fuels. The legislation goes to the Senate for its consideration.

Pump accuracy fraud bill moves through legislature

The Michigan House recently approved legislation increasing fines for gas station owners who purposely defraud the public by violating the state’s laws pertaining to the accuracy of the pumps, State Representative Richard Ball (R) said. "We heard testimony in committee about a couple of stations that adjusted their pumps to improperly charge customers for gas they were not receiving or purposely put a lower grade of gas in the premium pump," Ball said. "I wanted to make sure this legislation strongly targeted those stations that are intentionally defrauding the public.

We understand that occasionally pumps malfunction or a mistake is made, but those stations that are adjusting their pumps at the expense of the customers should be severely punished.

House Bill 4502, sponsored by State Rep. Fran Amos (R), immediately punishes those who intentionally violate the Weights & Measures Act with fines of $5,000, $10,000 and $25,000 for first, second and third offenses, respectively. In addition, the state Department of Agriculture may close a station for any of these violations until the problem is corrected. The department will be required to inspect, at least annually, any station with three or more intentional violations.

Amos said the legislation would give consumers peace of mind at the pump. "Since there is no way for a customer to actually see how much gas they are getting or test the grade themselves, it is important they can trust the station to give them what they are paying for," she said. "As with any public trust, those that purposely abuse it should be strongly penalized.

The legislation, passed by a 104 to 0 vote, now goes to the state Senate for its consideration.

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Good ol’ service station changes with the times
By Michele MacWilliams

The Ford-Tel Marathon Service Station has been serving customers in the Dearborn and Dearborn Heights area for 35 years. While other businesses have come and gone, the reason that Ford-Tel remains successful is that it changes with its customers’ needs.

It all began when Mike Roy decided to go into business for himself in 1967. He had been working for Mobil Oil as a sales representative. "I borrowed $3,000 and leased a station from Standard Oil on Gratiot in Detroit," said Roy. He ran that business for a few years and then in 1969 moved to a station on the corner of Ford Road and Telegraph in Dearborn. "I ran the business there for ten years, and when some property became available three blocks east on Ford Road, I bought it and moved the business over," he added.

Back then his service station was a Sunoco, but Roy made the change to Marathon in 1991. "I’m working right now on a contract to secure another seven years with Marathon," he said, noting that he was happy with the company’s policies and service.

Ford-Tel Marathon has four main revenue centers: gasoline pumps, a convenience store, auto repair service bays with two certified mechanics and AAA road service. Although the pumps certainly are the highest revenue generator, all parts of the business work to improve the bottom line.

"The Lottery is a big boom to us here. We were involved with instant tickets for 25 years, but the terminal is very popular with our customers and brings in a lot of people. Each month we are consistently achieving greater lottery sales," beams Roy.

Mike Roy’s son Mike Jr. and daughter-in-law Sherri are also partners in the business. "My son joined me when he finished college 15 years ago," says Roy. Mike Jr. met his wife Sherri at the station. She was employed there as a secretary at the time. They were married seven years ago and all three share in the responsibilities of managing the business.

Ford-Tel Marathon has four main revenue centers: gasoline pumps, a convenience store, auto repair service bays with two certified mechanics and AAA road service. Although the pumps certainly are the highest revenue generator, all parts of the business work to improve the bottom line.

"The Lottery is a big boom to us here. We were involved with instant tickets for 25 years, but the terminal is very popular with our customers and brings in a lot of people. Each month we are consistently achieving greater lottery sales," beams Roy.

Roy’s convenience store is another major revenue generator. The family carefully weighs each purchase for the store because at only 250 square feet, there isn’t much room for items that don’t move. Cigarettes, energy drinks, coffee, pop and snacks are big sellers. He says that there may come a day when he will have to convert the service bays into more convenience store and fast food space, in order to keep pace with demand.

Attracting and maintaining customers is something that the Roy family takes seriously and they have come up with some unique ways to make their customers feel special. Each year in August they host a customer appreciation day, where they give away popcorn and sell hot dogs and drinks for a quarter. "We also hire a clown to make balloons and we dress up one of our employees as a cartoon character," said Roy, adding that last year Sponge Bob Square Pants entertained the area children. The event is very popular with the surrounding neighbors and Roy says that it pays big dividends all year long.

Just recently Ford-Tel started a monthly newsletter that the Roys give to customers and distribute locally. Their first edition carried information about Ford-Tel’s services, the benefits of a Marathon MasterCard and upcoming community events. It also included the "Joke of the Month," as well as coupons for a free cappuccino and a discount tire rotation, lube and oil change package.

Mike Roy believes that it is important to give back to the community and so he is a dedicated member of the Dearborn Heights Rotary Club, currently serving as its president. "We were just featured in the Detroit Free Press and local papers for the help that we gave to a wheelchair-bound woman. The Rotary Club came in and fixed her house to make it more accessible," he proudly explained.

Creating a newsletter, throwing a customer appreciation party and devoting time for charity work are all means that Ford-Tel Marathon uses to adapt to the needs of its clientele. However, the most important aspect of their marketing strategy is even simpler than that. They work very hard to provide plain old good customer service. All employees are friendly, courteous and extremely fast – just what customers want when they go to a service station.
Represented by General Wine & Liquor (313/867-0521)
Except Perrier Jouet - represented by L&L Wine World (248) 588-9200.
By Peter H. Gunst

Imagine the consternation of the North Carolina lessee BP dealer who received what his supplier styled as a Petroleum Marketing Practices Act (PMPPA) "Right of First Refusal" notice, which required him to match the purchase price of $1,052,684 offered by a local distributor or possibly lose his station. Meanwhile, BP's own appraisal valued his location as worth only $505,000. When the dealer asked to see the contract containing the distributor's offering price, he was told he could not see it. Fearing the loss of his station, the dealer paid the exorbitant $505,000 purchase price demanded by BP under protest. He then sued BP for fraud. The picture that emerged in the litigation was not pretty. It turned out that when the distributor initially offered BP over $10,000,000 to purchase a package of thirteen locations, consisting predominantly of company-operated stations, but also including three dealer lessee-operated stations, it valued the dealer's station at only $430,000. Later, BP and the distributor jiggled the total purchase price, which remained unchanged, to attribute far more value to the lessee-operated locations and far less to the company-operated locations. Indeed, one company-operated location was valued at zero. The final figures more than doubled the value attributed to the dealer's station to the sum of $900,000. Their motivation for playing this numbers game appears obvious. If the dealer paid the inflated sum, BP made an exorbitant profit. If he did not, the distributor got the dealer's station. Under either scenario, only the dealer was the loser. But how did the right of first refusal price increase from $900,000 to $1,052,684? BP added an additional $150,000 plus to make up for the future profits it expected to lose if the distributor's volume purchase requirements were reduced because it did not purchase the dealer's station. Those future profits were not, however, "lost" to BP in any event, because if the dealer purchased the station, he likewise would be required to sign a multi-year supply contract with BP. In two decisions rendered recently by the federal district court for the Middle District of North Carolina in the dealer's lawsuit, Simaan, Inc. v. BP Products North America, Inc., the court rejected a raft of legal defenses offered by BP and ordered the case to proceed to trial. First, BP attempted to assert the boilerplate merger and integration clause contained within the dealer's purchase contract to bar him from presenting any evidence that it misrepresented the distributor's purchase offer. The contract provision recited that no representations had been relied upon other than those expressly set forth in the parties' contract, and the purchase contract contained no reference to the price supposedly offered by the distributor. The court rejected BP's contention and applied the rule permitting a victim of fraud to present external evidence to demonstrate the nature of the fraudulent scheme. The rule could hardly be otherwise. The core of any fraud case is how the victim was induced to enter into the contract, not merely the terms of the contract itself. Next, BP argued that the dealer was not a proper claimant because the station actually had been purchased by a holding company formed by the dealer rather than by the dealer himself. Had this argument been successful, BP would then no doubt have contended that the holding company could not complain of BP's misrepresentations because they had been made exclusively to the dealer, and not to the holding company. Circumventing BP's contention, the court treated the dealership and the holding company as a single, unified entity. The court reasoned that "in truth all the representations were made to the Simaan family who own both [the dealership] and [the holding company]." Under those circumstances, the court concluded, "a joint judgment - a joint judgment for both [the dealer and the holding company] - will not prejudice BP." Next, BP contended that it had made no false representations to the dealer because it could justify the $1,052,684 price tag as consisting of a combination of the $900,000 figure finally agreed upon with the distributor plus its supposed "lost profit" calculation. Rejecting this argument, the court concluded that a jury could find that BP had defrauded the dealer by concealing the fact that its offer price was "actually a combination of an inflated cash purchase price and a present value computation of lost fuel volume," rather than an actual dollar price offered by the distributor for the station. Finally, BP argued that the dealer never really relied upon its representations because he had testified that he doubted that the distributor had actually offered the price claimed by BP, and that he believed that either BP or the distributor was scheming to discourage him from exercising his right of first refusal. The court pointed out, however, that the dealer had been left with no choice other than to accept BP's representations or risk the possible loss of his station. Having failed in its legal challenges, BP negotiated a settlement with the dealer rather than face a jury. This case illustrates the importance of learning the true facts when dealing with an oil company in the context of a right of first refusal. Emails to: pgunst@agtlawyers.com attorneys at law, a professional corporation.

Research suggests limited benefits from ethanol

A Congressional Research Service (CRS) report sent to Congress on March 3 suggests that corn-based ethanol has a limited impact on reducing energy consumption and carbon emissions, according to the Bureau of National Affairs. The CRS report notes that studies on "ethanol's energy balance and greenhouse gas emissions" provide a "slight energy balance." However, because most of the energy used to produce ethanol comes from natural gas or electricity, "most studies conclude that overall petroleum dependence (as opposed to energy dependence) can be significantly diminished through expanded use of ethanol." The report also indicates that federal incentives for ethanol (tax incentives, reformulated gasoline oxygenate standard) and the renewable fuels standard "have promoted significant growth of the ethanol market," boosting U.S. ethanol production from 175 million gallons in 1980 to 3.9 billion gallons. Citing the pro and con arguments made on ethanol tax incentives, CRS writes that a key barrier to greater ethanol use "has been its cost relative to gasoline," adding that with ethanol, "more fuel is required to travel the same distance." As directed in the 2005 Energy Policy Act, other fuels such as biodiesel will have "a limited role" in meeting the required 4 billion gallons of renewable fuel use in 2006, which will likely be met through use of ethanol. Meanwhile, CRS predicts Congress will continue to show interest in ethanol's "energy and environmental costs and benefits" and the effects on U.S. fuel markets, adding, "With limited petroleum supplies, high prices and instability in some oil-producing regions, these discussions are unlikely to end any time soon."
“You must be the change you wish to see in the world.”

—Mahatma Gandhi

LaSalle Bank salutes those who help make a difference.
Board Members of the AFPD attend 2006 Federal Legislative Meetings in Washington, DC

By Dennis Sidorski
AFPD Board Member

AFPD Board Members Dennis Sidorski and David Freitag, accompanied by Jane Shallal, AFPD President attended federal legislative meetings in Washington, D.C. on April 5 and 6, 2006. These meetings were coordinated by the Service Station Dealers of America/ National Coalition of Petroleum Retailers and Allied Trades (SSDA/NCPR-AT), a national association composed of individual and state affiliate associations representing service station dealers, repair facilities, car washes and convenience stores. In existence for over 56 years, SSDA/NCPR-AT works for the betterment of its members as a voice on Capitol Hill, with federal regulators, with the media, in the courts, and with suppliers. Dave Freitag serves as President of the National Association.

AFPD’s efforts included meetings with officials from the Environmental Protection Agency for an EPA Emissions Briefing, the American Petroleum Institute for a Gasoline Update and questions into fair treatment of dealers. Additionally, AFPD members met with various Congressional staff to brief them on issues concerning our members, urging Congressional leaders to support the following bills.

H. R. 2211 - The AFPD and SSDA seeks to clarify the date at which the Service Station Dealer Exemption (SSDE) for waste oil is available as a defense in Superfund cases. The bill serves to protect dealers who contracted with transporters to deliver waste oil to oil recyclers.

H. R. 3780 - One of the most significant problems to independent service station dealers involves the issue of zone-pricing. Board members urged leaders to put into place a mechanism to prohibit unfair pricing policies in wholesale motor fuel sales. This bill would eliminate zone-pricing, redlining, discriminatory wholesale fuel pricing, and would require that the price charged by a supplier at a terminal is the same, regardless of who is making the wholesale purchase. It also calls for the Federal Trade Commission to issue regulations for full disclosure by refiners and distributors of their wholesale motor fuel pricing policies.

Washington, DC,
Continued on page 21.

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AFPD offers new credit card processing program

Regardless of whether your credit card volume is high or low, AFPD is now helping members reduce their credit card processing fees. Through an arrangement with Michigan Merchant Services, a COCARD-Bank of America affiliate, AFPD members can reap substantial savings.

Joe Preston, Marketing Director for Michigan Merchant Services, says that cost is only one of the reasons to check out this new program. "We have a good, unified cost structure that is hassle free. Plus we want to take good care of members," Preston adds. Michigan Merchant Services has programmers on staff that can make the change to their system as seamless as possible. In addition, the company offers all software and hardware needed for credit card processing and they maintain and service all equipment.

Shallal, AFPD president, commented that, "this is an excellent opportunity for retailers to reap the benefits of membership in AFPD. Michigan Merchant Services has already saved money for some of our members." 

Muller's Market in Grosse Pointe is a good example of a store that is saving on the Michigan Merchant Services program. Preston says that in addition to credit card processing, Michigan Merchant Services also lined Muller's up with their electronic benefit transfer (EBT) program for food stamps. "They were thrilled with the service and with the substantial savings that we were able to achieve for them," says Preston, adding "it is easy for a retailer to see how much they can save by switching to Michigan Merchant Services." To find out how much your business can save, first call Dan Reeves at AFPD - (248) 671-9600 - to get your member ID number. Then, go to the Michigan Merchant Services Website, www.michiganmerchantservices.com. You will be asked for your AFPD ID number and other information related to credit card sales volume. Once the questions are answered, Michigan Merchant Services will quote you a rate. If you prefer to speak to a sales representative, after receiving your ID number, you can call Michigan Merchant Services directly at (616) 794-3271 for your quote.

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MemberPROFILE

Diageo celebrates life...Responsibly

By Michele MacWilliams

Although Diageo is a global company, in over 180 markets around the world and trading on both the London and New York stock exchanges, the company views the independent retailer as its most valuable customer. Diageo owns a collection of alcohol beverage brands including: Smirnoff, Johnnie Walker, Guinness, Baileys, J&B, Captain Morgan, Cuervo, Tanqueray, Crown Royal and Beaulieu Vineyard and Sterling Vineyards wines.

With over 20,000 employees worldwide and offices in 80 countries, Diageo has manufacturing facilities across the globe including Great Britain, Ireland, United States, Canada, Spain, Italy, Africa, Latin America, Australia, India and the Caribbean.

Diageo was formed in 1997, following the merger of Guinness and GrandMet and is headquartered in London. The word Diageo comes from the Latin for day (dia) and the Greek for world (geo). The company’s Website describes this to mean “every day, everywhere, people celebrate with our brands.”

While North America is Diageo’s most profitable and most developed market, it is also one of the markets with opportunity. Given shifting consumer trends and favorable demographics, it is, perhaps, the most significant market for premium drinks.

“We are committed to developing and expanding relationships with retailers in Michigan,” says Scott Skinner, Diageo Market Director of Michigan. “Our goal is to be the supplier of first choice to retailers.”

Skinner explains that Diageo works to achieve this with national and local advertising that pulls products out of stores, by creating value-added packaging and by working with a dedicated distributor sales force that works to meet the needs of the retailer.

Seven of our nine priority brands are number one in their respective categories, so we focus our efforts on these leaders,” Skinner adds.

Here are some major consumer trends: Spirits and wine growth are at all-time highs. People are expanding their tastes beyond traditional beer to innovative cocktails and wine — all fueled by shows like Sex & the City and movies like Sideways.

More choice coming as the echo boomers reach legal drinking age in the next 10 years. Forty-plus boomers are also out looking for their favorite cocktail and they have money to spend. And the growth of the multi-cultural segment will fundamentally change our business with the increase in the Hispanic and African American populations.

People are also trading up to super-premium and ultra-premium brands — that means higher rings at register. As a supplier, we will continue to look for ways to keep consumers interested with new products, flavors and experiences.

Spirits and wine growth are at all-time high.

All of this is happening in an atmosphere of increased acceptance of beverage alcohol due in large part to industry commitment to responsible drinking and preventing underage drinking and drunk driving. Community and responsibility

Diageo’s business activities directly affect the lives of millions of people around the world — as consumers, employees, investors, neighbors and commercial partners. The company believes that this brings a responsibility to be a good corporate citizen and seek to ensure that all those with a stake in Diageo can benefit from the relationship.

The company has committed one percent of its operating profit to social investment and community projects — currently an input value of almost $30 million annually.

Diageo recognizes that there are health and social costs associated with alcohol misuse, including the cost of alcohol-related accidents and socially inappropriate behavior. “We believe that the correct response to alcohol misuse is for drinks manufacturers and retailers, governments, health authorities, health professionals and interested citizen groups to work together to find common ground and ways of promoting responsible drinking,” says Skinner. “We’re working with AFPD right now to provide material for stores that helps the retailer deal with underage purchases.”

Diageo has developed posters that explain, in a non-confrontational manner, that the store does not sell to minors. These free posters are available from AFPD.

“Diageo doesn’t put anyone that is under 25 in its ads and we make sure that a minimum of 70 percent of the viewers of television programs where our ads run are of legal drinking age. In addition, 20 percent of our advertising dollars go to promote socially responsible drinking.”

Diageo is a primary source of funding for The Century Council, a not-for-profit organization dedicated to fighting drunk driving and underage drinking. Headquartered in Washington, D.C. The Century Council promotes responsible decision making regarding drinking or non-drinking of alcoholic beverages and discourages all forms of irresponsible consumption through education, communications, research, and law enforcement.

Diageo’s employees live in the same environment as their customers. The company shares concerns about underage drinking and binge drinking by a minority of young people.

“Young people sometimes experiment with drinking and can encounter problems if not given appropriate education and guidance. Parents and teachers, as role models, need to know the facts about alcohol and lead by example. The industry has a role to play and we have helped developed world-class awareness materials for use with young people,” says Skinner.

“We believe all governments should set legal blood alcohol concentration levels for drivers and we support tough penalties for those convicted of drunk driving. We have a long track record of supporting anti drunk driving initiatives in many countries,” Skinner adds. “Our position is that it’s not okay if one drink is sold to an underage person or anyone drives under the influence. We are currently working on legislation that would revoke the license of a person that supplies alcohol to minors, thus placing the burden on the purchaser instead of solely on the retailer.”

For more information on Diageo’s alcohol awareness programs, go to www.diageo.com. For underage drinking store signage, call AFPD at (248) 671-9600.
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Loyalty shoppers prefer discounts to points, says survey
At stores that offer a frequent buyer or loyalty card program, 43% of adults prefer a discount on specific products during each store visit, compared to 34% who prefer to accumulate points for a larger reward or payoff, according to a new study from Vertis. The Customer Focus 2006: Grocery study also revealed that 51% of men 50 and over and women 35-49 who have loyalty cards prefer a discount as opposed to accumulating points. In addition, it showed that 42% of Hispanic consumers prefer to accumulate points for a larger reward or payoff, compared to 34% of total adults. - Supermarket News

A-B's organic brews target affluent drinkers
Anheuser-Busch Cos. says its two organic beer brands, Wild Hop and Stone Mill Pale Ale, will attract "more affluent, highly educated, more high-end shoppers," said Patrick McGauley, an A-B vice president for product development. Independent organic brewers say the new products could help draw attention to their sector. -San Francisco Chronicle

Stop using palm oil, group urges
The popularity of palm oil is leading to the destruction of rainforests and the extinction of animals as more land is cleared for oil palm trees, according to an ad placed by advocacy group Center for Science in the Public Interest. The group is pushing for brands including Kebbler and Pepperidge Farm and retailers such as Wal-Mart Stores to find alternatives to palm oil in their products. -FoodNavigator

Study highlights nutritional ignorance
Most Americans believe they are responsible for following a healthful diet, yet they lack an understanding of food labels and basic nutrition facts, according to a new Food for Life study by Yankelovich, a marketing consulting firm. About half of survey respondents didn't know what their daily caloric intake should be and more than 80% didn't know how much fat, carbohydrates or sodium they should consume daily. Noting that nutritional literacy contributes to poor eating and obesity, Yankelovich called on manufacturers to provide information that helps people make better food choices.

Convenience foods to lead industry sales growth
Convenience food sales are poised to grow at a rate double that of food in general, according to industry analysts at Research and Markets. But convenience stores may not be the sole beneficiaries of the trend. Supermarkets, discounters and chain drugstores are increasing their convenience product offerings. -Just Food

ConAgra launching healthier fries
ConAgra Foods Inc.'s Lamb Weston unit plans to launch "My Fries," a trans-fat-free French fry this year. The product will likely debut on college campuses instead of restaurants, said the company. Quick-service restaurants including McDonald's and Wendy's are experimenting with reduced trans-fat cooking methods for their fries. -The Wall Street Journal

Flavored waters grow the bottled water market
Flavored bottled waters including PepsiCo's FlavorSplash and Nestle's Pure Life brand are adding to the growing market for enhanced and flavored water beverages. Sales of enhanced water could top $500 million in the next year or two, according to Beverage Marketing Corp.

Sugar more valuable than oil?
Cookie and candy producers are facing cost pressures and increased competition as sugar becomes more precious in the global market. Prices for raw sugar rose 60% last year and are already up 12% in 2006, and officials predict that sugar supply will fall more than 2 million metric tons short of demand this year. -Chicago Tribune

Sugar consumption declines in Italy
Consumption of sugar declined 70 percent in Italy. The New York Times writes that "in February, after avian flu was discovered in wild swans, poultry consumption declined 70 percent in Italy. In France, sales are down 30 percent since avian flu hit a turkey farm last month. In some areas of India, sales are down 40 percent since last month's discovery of avian flu in chickens." And, the Times notes, "these declines came even though none of the 175 human cases of avian flu confirmed by the World Health Organization since 2003 resulted from eating poultry." Which is why chicken producers and retailers are beginning to formulate plans to educate people about the realities of avian flu, and create advertising campaigns that are designed to counteract any bad publicity.

Gallo, Kendall-Jackson freshen offerings
California winemakers E. & J. Gallo Winery and Kendall-Jackson Vineyard Estates are revamping their lines and offering higher-end products. Gallo is merging and rebranding its Gallo of Sonoma and E. & J. Gallo lines under the name Gallo Family Vineyards. Kendall-Jackson, as it finishes acquiring vineyards from its producers, will begin marketing its wines as "estate grown." -USA TODAY

Poultry business hopes for no flu
The New York Times reports that while "poultry producers and restaurants doubt that their chickens will be infected by avian flu or that people would catch the virus even if there were contamination...they are concerned that if the virus gets to the United States, people will eat less chicken, simply out of fear. And they are reviving big plans to be prepared."

The need to be prepared was driven home, the Times notes, when Michael Leavitt, secretary of the Department of Health and Human Services (HHS), told the US Senate that it was "just a matter of time" before birds infected with the virus found their way to the United States.

White chicken sales have increased 22 percent over the last decade, the European and Asian experience suggests that any discovery of avian flu in the US could have an enormous impact on poultry sales. The Times writes that "in February, after avian flu was discovered in wild swans, poultry consumption declined 70 percent in Italy. In France, sales are down 30 percent since avian flu hit a turkey farm last month. In some areas of India, sales are down 40 percent since last month's discovery of avian flu in chickens." And, the Times notes, "these declines came even though none of the 175 human cases of avian flu confirmed by the World Health Organization since 2003 resulted from eating poultry."

Which is why chicken producers and retailers are beginning to formulate plans to educate people about the realities of avian flu, and create advertising campaigns that are designed to counteract any bad publicity.

Nuts for peanut butter
The average American consumes 3 pounds of peanut butter a year, with overall peanut butter consumption up 10% since 2001. Last year, Georgia and Texas, the two largest peanut-producing states, both increased their peanut crops by at least 15%, according to the National Peanut Board. -The Detroit News

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American consumers will spend on average $1,704 a year on eating and drinking out of their homes and miss almost 150 core meals by 2010, a new report from independent market analyst Datamonitor revealed.

"Eating out is an ingrained part of national culture, and eating habits are evolving to meet the pace and structure of daily life. Consumers are responding to nutritional needs and the demands of daily life by missing meals, changing the times at which they eat and even changing the type of products they eat," said Matthew Adams, consumer markets analyst at Datamonitor and author of the report.

Eating out in the evening is no longer considered a special occasion as the cost of casual dining has decreased and other motives have taken precedence. Only 6% of American consumers feel the most important reason for eating out is to have a special occasion. For almost half of the consumers (49%), eating out is ideal for connecting with friends.

Datamonitor forecasts that Americans will consume almost 50 extra breakfasts, lunches, evening meals and snacks per head outside the home in 2010 compared with 2005. Snacking is important to U.S. consumers as the out-of-home evening snack market is the second biggest daypart market at $137 billion, second only to lunchtime core meals at $148 billion. In Europe, where the market is forecast to grow to $156 billion (U.S.) by 2010, the overall experience is more important as the quality of food served and the variety of menus is largely taken for granted.

In the United States, lunch skipping is more of an issue than missed breakfasts. The U.S. consumer skipped on average 62 lunches in 2005, and this is set to increase to 65 by 2010. Compared to Europe, consumers in the United States missed three times as many lunches than their next closest comparators in France and the United Kingdom.

The motto of "lunch is for wimps" is straying into the breakfast occasion, too. The number of skipped breakfasts per head in the United States is forecast to increase to 64 in 2010. Europeans tend to eat breakfast out-of-home or skip it entirely more than is true of U.S. consumers.

Breakfast skipping is most prevalent in the U.K., where almost one third of breakfasts are missed (114 per person per year on average).

"Sitting around the table as a nuclear family for three core meals a day in the family home is now no longer a common reality, and lunch on the run is a fairer reflection of current consumer habits," said Adams.

Out-of-home eating and drinking consists of retail and foodservice purchased food and drinks products. The location of consumption is the most important aspect of the market definition. To qualify, food and drink products can be consumed in the workplace or in an educational setting, on a journey of significant length, in a restaurant or from a takeaway (provided that the food or drink is not taken home before being consumed). - CSP
Grocers and brands grew despite many challenges in 2005

Dollar sales of consumer packaged goods grew just 1.6 percent in 2005, an extraordinarily challenging year marked by a devastating hurricane season and uneven economy. But while industry growth was disappointing, trends across specific channels and categories were encouraging, said Information Resources, Inc. (IRI), a provider of enterprise market solutions for the consumer packaged goods (CPG), retail, and healthcare industries.

The firm offered a review of the year in its latest Times & Trends report, “2005 CPG Year in Review: A Remarkable Year of Challenges and Wins.”

“Despite weak dollar sales growth, the CPG industry had an extraordinary year,” said IRI’s Janet Eden-Harris. “Perhaps what is most extraordinary about this past year is that many categories, brands and retailers did grow within this challenging environment—largely through innovation.”

The drug store channel had an exceptional year, according to the study. With total CPG sales growth at three times the industry average, the channel enjoyed growth across nearly all departments.

Grocery stores grew dollar sales only slightly; however, the increase was enough to maintain an all-outlet share, which is a potential turning point in grocers’ long-term battle against share erosion from value channels. The study also reports that select categories, including sports drinks, bottled water, hand and body lotion, and cold/allergy/sinus tablets posted double-digit growth through innovation and alignment with consumer needs.

Across product segments, beverages were the growth leaders in 2005. Sports drinks, bottled waters, coffee, and wine—which posted a 5.1 percent increase in sales—led this segment. The healthcare segment benefited from growth in cold/allergy/sinus products, in which new product introductions, including Mucinex and pseudoephedrine-free Sudafed PE, contributed to growth. The long-standing decline across general merchandise categories continued, with the most significant dollar sales declines occurring within photography supplies, batteries, and kitchen storage.

At drug stores, the largest gains occurred among the channel’s less-developed food categories, such as frozen, bakery and dairy, which provides further evidence of the channel’s evolving role as a convenient food and beverage outlet. Drug stores were also successful in gaining share within core healthcare and beauty/personal care segments.

“It appears as if the drug store channel’s heavy focus on neighborhood merchandising, investment in destination departments and efforts to link the front-end with the pharmacy are paying off,” added Eden-Harris.

The top 10 CPG categories posted mixed results during the past year with the largest two, carbonated beverages and milk, experiencing flat sales. Total carbonated beverage demand continued to slide as consumers opted for alternatives, such as bottled water and sports drinks. Diet soft drink sales, however, continued solid growth. Milk dollar sales were impacted by lower price increases in addition to a slight reduction in volume.

Wine and spirits growth continued to negatively impact beer sales, but the category is poised for long-term growth as the legal drinking age, young adult market expands. According to the IRI report, the real stand-out category among the top 10 was frozen foods, with innovative new skillet and crock pot dinners leading the way.
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Popularity of instant tickets remains high

By Commissioner Gary Peters

The top as the Lottery’s most popular product, with sales expected to top a whopping $700 million this year.

Instant tickets continue to rank near the top as the Lottery’s most popular product, with sales expected to top a whopping $700 million this year. We recently received a big boost when the $1 Lucky Dog ticket was introduced on the front page of the Detroit News. As the story pointed out, we introduce over 70 new instant games each year, and I’m proud of the efforts of our retailers in maintaining this high sales volume.

Through May we have a number of instant game-related drawings on tap. Retailers should be advised that with these “second chance” drawings, players have more than just cash to play for.

On May 9, we have our third and final Red Wings drawing. Over the course of three drawings, more than 500 Red Wings merchandise prize packs will be awarded. Also, one Grand Prize winner will be selected in each drawing to receive their choice of an all-expenses paid Red Wings home game travel package, road game package, or a Sony® 42” LCD widescreen television. This ticket has been an outstanding success, in fact, it sold out of our warehouse in just seven weeks. Contestants have until May 2 to submit entries, either online through Player City or by U.S. mail. Details are available at www.playercity.net.

Retailers aren’t left out of the fun either, as we have a Las Vegas trip giveaway scheduled as part of the Raceway Riches “Bonus Laps” promotion. On May 17, GTECH will select one winner for a trip for two to the Monte Carlo Resort & Casino in Las Vegas. Entries were collected for every book between March 13 and May 12.

On May 15, the next round of five $300,000 Texas Hold’Em drawings will begin. Five grand prizes and 320 prize packs will be given away in each drawing. Grand prizes include one entry into a World Series of Poker (WSOP) tournament event (maximum of $10,000 buy-in) at the Monte Carlo Resort & Casino in Las Vegas. Entries were earned for departure from tournament city; hotel accommodations for seven days six nights (double occupancy); $1,000 spending cash; tickets for two to the WSOP Finals of the tournament (one if winner advances to the final table); and two WSOP prize packs.

In addition to strong instant sales, overall the Lottery’s revenues are up over the previous year at this time. And as sales continue to grow, the important news for you, our retailer partners, is that commissions continue to grow as well. Commissions are up 10.4 percent for the year to date. Being a Lottery retailer has definite rewards—the proof is in the commissions. Thanks to all who have been a part of this effort.

All proceeds from the Lottery are contributed to the school aid fund which supports kindergarten through 12th grade public education in Michigan. In fiscal year 2005, the contribution was $667.6 million.

For additional information, please visit the Lottery’s Web site at www.michigan.gov/lottery.
H. R. 3926 - Board members aggressively pushed for a motor fuel dealer's right to set his or her own retail prices, without limitations of supplier fixed maximum prices, and for dealers' right of first refusal to purchase their service stations prior to any assignment of their franchise agreements to a distributor or any other assignee.

H.R. 2048 - Lastly, congressional leaders were urged to pass the Motor Vehicle Owner's Right to Repair Act which would give motor vehicle owners and independent repair shops access to automotive technology and information to enable them to accurately diagnose and repair mechanical problems to vehicles. Without the ability to choose, consumers are denied competitive prices and the right to choose where, how, and when to have their vehicles repaired – at affordable prices and convenient locations.

Our meeting at the American Petroleum Institute was insightful as representatives of oil refineries disclosed that they profit eight cents on each dollar of oil sold. Interestingly enough, independent retailers do not earn such profits and usually operate at a loss because of oil refinery charges. Clearly, a large and unfair discrepancy exists in profit margins between the oil companies and the gas station owners. Predatory price fixing and discrimination in the oil industry is on the rise and seriously affecting our members' ability to earn any profit. The evidence is quite objective. Oil companies such as Exxon Mobil, Shell, Chevron Texaco and the other big oil companies, have made front page news as they record the largest profits they have ever earned. In the fourth quarter of 2005, Exxon Mobil reported a net profit of $10.7 billion, and earned a net income of $36.1 billion dollars for the year. That is up 43 per cent from the $25.9 billion it earned in 2004. U.S. oil companies have all seen an average of a 48 percent rise in earnings during their fourth quarter. Marathon Oil reported a third quarter net income of $770 million, up from $222 million. These numbers clearly reveal who is profiting in this industry. The equation is simple... high gas prices = windfall profits to oil companies. Each year, oil companies keep breaking their record for profits, while independent service station profit margins are decreasing and many of them are being put out of business.

The AFPD will be aggressively pushing federal and state government officials to pass legislation, as exists in other states, for petroleum marketing laws that forbids predatory pricing and unfair market control by oil companies.

CBS launches in-store version of network

In partnership with SignStorey, CBS is producing a custom network TV feed that will air on flat screen monitors placed in participating grocery store chains, including Albertsons, Pathmark Stores and Shaw's Supermarkets. The monitors are generally positioned in the produce and deli sections of the market, where consumers spend considerable time mulling purchases - Variety.

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State Representative Fulton Sheen
Republican
District 88-Plainwell

Committees:
- Tax Policy (Chairman)
- Tax Restructuring (Chairman)
- Family and Children Services
- Government Operations
- Insurance

By Kathy Blake

State Representative Fulton Sheen, (R-88), is working to fix Michigan’s tax system. As a financial planner by trade, Sheen is helping the state develop a plan.

“We currently have the most expensive and onerous tax system. All the states around Michigan have restructured their taxation systems. Ohio repealed its Personal Property Tax last year, Wisconsin restructured and repealed their Personal Property Tax two years ago, and Illinois doesn’t have a Personal Property Tax,” explained Sheen.

Sheen is the chair of the Tax Policy Committee and was appointed in January as chair of the new House subcommittee on Business Tax Restructuring. The main goal of the subcommittee is to find an alternative to the Single Business Tax (SBT), as well as the Personal Property Tax. The SBT is based on gross receipts and not on profits.

Sheen is looking for alternatives to the SBT and the Personal Property Tax. “We are working on three models. One was developed by the Detroit Chamber of Commerce and is called The Licensing Act. In this model, if a company generates between $300,000-$350,000, they pay a set amount of taxes up to a $1 million cap. With our present system, very few businesses can figure out how much they are supposed to pay.”

A second model is called the Business Activities Tax. It allows businesses to choose whether to be taxed on their profits or their gross receipts.

The third model is called the Michigan Fair Tax, which would eliminate the SBT, Personal Property Tax and Michigan Income Tax and replace them with a sales tax of 8.5 percent. “The SBT is a double-edge sword that penalizes businesses even when they are unprofitable. Our state’s economy is dependent on us eliminating the SBT and creating a tax code in Michigan that is one of the best in the nation,” explained Sheen.

Health Insurance requirements

Health insurance requirements are another area where Rep. Sheen sees room for improvement. “We need to find ways to allow Michigan employers to offer different levels of coverage by removing our strenuous mandates. If we could offer a bare-bones version as an option, similar to PLPD car insurance, then we could lower the cost for companies to provide insurance,” explained Sheen, adding, “If employers wanted to add benefits, then they could.”

According to Sheen, the cost of providing health insurance is driven up by Michigan’s current coverage mandates. As an example, insurance carriers can only exclude coverage for one year for pre-existing medical conditions for the newly insured, while the national average is three years.

Hurricane Katrina missions trips

Rep. Sheen is a member of the Plainwell Assembly of God. Sheen led several mission trips to the devastated areas in Louisiana. He and others who joined him on the trips started a nonprofit faith-based relief group to help hurricane victims.

On the first few trips, they took provisions. On their most recent trip, they helped with home repairs and cleanup, so people could return to their homes. “I coordinate people from all churches in the area. We had 46 people go last time,” he said.

Personal

Back home, Sheen leads a Bible study on Christian issues in politics. He and his wife run a financial planning company that they started in 1988. In 1999, he became a Certified Financial Officer. Sheen and his wife have three adult daughters. One is a missionary and runs a youth outreach program, one is finishing Basic Training for the National Guard and the other graduated from college and is working in the family business.

Sheen graduated from Western Michigan University in 1979 with a Bachelor of Science degree.

Public offices and positions

Sheen was elected Allegan County treasurer in 1996 and 2000, resigning his position in January 2003 to serve his first term in the Michigan Legislature.

He has been active in many state and community groups. These include: National Federation of Independent Businesses, Michigan Leadership Council, Allegan County Strong Families/Safe Children Council, Court Appointed Special Advocate for the Child, Leadership Council, Allegan County Habitat for Humanity, Promise Keepers, Heritage Foundation and Empower America.

To reach State Representative Fulton Sheen, please call 517-373-0816, email fultonsheen@house.mi.gov or write State Representative Fulton Sheen, PO Box 30014, Lansing, Michigan, 48909.
May We SUGGEST
A monthly column featuring an AFPD suggested wine

Beaulieu Vineyard, Napa Valley Cabernet 2001

Editor's note: I would like to introduce you to our newest column, May We Suggest. Each month the Food and Petroleum Report will feature a special wine. We include a description, our critique and a suggested retail price. In addition, we include a small boxed description that retailers can cut out and use as a shelf talker to help your customers make an educated purchase. We hope you enjoy this column. Please let us know! For comments about this column or to suggest a wine for us to feature, please contact me.

Cheers!
Michele MacWilliams
(248) 671-9600
micmetro@aol.com

Beaulieu Vineyard
Napa Valley Cabernet 2001

Description:
Strong Cabernet aromas of black cherry, anise and dark cocoa are enhanced by a hint of vanilla. Medium-bodied flavors show fully ripe, earthy Cabernet fruit with a hint of dusty minerals. Moderate acidity, medium tannins and a touch of new oak highlight the fruit. Flavors show depth and structure thanks to the year’s long growing season and outstanding fall weather. This is the house wine of Scott Skinner, Diageo Marketing Director of Michigan.

According to Skinner, grapes from sites throughout Napa Valley were harvested, then de-stemmed and crushed into open-top stainless steel fermenters. Fermentation lasted 7-10 days, reaching a peak juice temperature of 80 degrees F. Fifteen percent of the wine underwent malolactic fermentation in barrel, contributing to a richer mid-palate texture and well-integrated new oak component. The wine was further aged in a variety of oak barrels prior to blending and bottling for 18 months in American and European oak barrels.

Food ideas: Grilled or roast beef or lamb, roast duck or cheeses like Pecorino or Cheddar.

Varietal: 97% Cabernet Sauvignon, 2% Merlot, 1% Cabernet Franc
Origin: Napa Valley, California
Suggested Retail Price: $17

Recommended Wine:

Beaulieu Vineyard
Napa Valley Cabernet

A beautiful, medium-bodied Cabernet. Aromas of black cherry, anise and dark cocoa are enhanced by a hint of vanilla. Moderate acidity, medium tannins and a touch of new oak highlight the fruit.

Food ideas:
Grilled or roast beef or lamb, roast duck or cheeses like Pecorino or Cheddar.

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Supermarkets using niche stores, services to compete

The Food Marketing Institute (FMI) has released its annual Facts About Store Development report, suggesting that retailers are more than ever using specialty departments and more tightly focused stores to appeal to consumers and achieve a competitive advantage.

"Shifting consumer behaviors and attitudes, shorter product lifecycles, new store concepts and competitive pressures from a broad range of retail formats are driving a fundamental change in the way food retail companies do business," said FMI Senior Vice President Michael Sansolo. "There is no longer a 'one format fits all' supermarket.

Understanding the specific needs of your targeted consumers and delivering what they need are essential for success.

Among the trends noted by FMI:
* Gourmet/specialty is the most popular format preferred by retailers, offered by 66.7 percent of companies, followed by natural/organic (50 percent) and ethnic (25 percent).
* Space for cooking demonstrations is offered by 72 percent of new stores, which is being driven by consumers who have less cooking experience and consumers who seek to broaden their range of skills and view cooking as a special event.
* More than half of companies (53.7 percent) have a coffee bar in at least one store and slightly fewer (52.2 percent) have installed dollar aisles, addressing consumers’ dual desires for convenience and value.
* In-store pharmacies (55.7 percent) continue to be a popular feature. Besides serving as a cornerstone for consumer health and wellness programs, they have become integral in the marketing of health and beauty care products.
* One-fourth (25.4 percent) of companies offer gasoline sales and nearly one in five (18.3 percent) feature a conveniently located "quick stop" area where shoppers can purchase household staples and quick meals, which enhances one-stop shopping appeal.
* The addition of low-carb foods sections appears to be on the decline, with fewer than half (49.4 percent) of all companies now offering them.

Cold medicine purchasing limits explained

On April 8, the limits on purchasing common allergy, cold and cough medicines under the recently enacted Combat Methamphetamine Epidemic Act took effect. The law covers all forms of medicines that contain the ingredients pseudoephedrine, ephedrine or phenylpropanolamine.

The limits are based on how much of these ingredients a medicine contains and vary depending on where the consumer bought the product:
* At pharmacies and retail stores: 3.6 grams per day and 9 grams per month — equal to 36 pills with 120 milligrams of the ingredients per day and 75 per 30 days.
* Through mail order and over the Internet: 7.5 grams per month — equal to 62 pills with 120 milligrams of the ingredients per 30 days.

The Food Marketing Institute (FMI) prepared a document to help members comply with these provisions of the law and additional restrictions that take effect on September 30, 2006. Guidance about an important legal distinction between company liability for the 3.6 gram-per-day retailer sales restriction and the 9 gram-per-30-day consumer purchase restriction is also included in the document, which can be downloaded at http://www.fmi.org/gr/METH_summary_clean_update3_06_logo.pdf. AFPD can also provide its members with a copy by fax or mail if you would like a copy sent to you, please call Tamar at (248) 671-9600.

For more information on any of these excellent programs, call:

Associated Food and Petroleum Dealers
30415 West 13 Mile Road • Farmington Hills, Michigan 48334
(248) 671-9600
Delivery stoppages threaten retail business operations

Some of our retail stores have reported delivery stoppage of products and goods by certain suppliers. These delivery stoppages have been by Hostess, Pepperidge Farms, Wonder Bread, Sara Lee, Entenmann's and others.

The AFPD is committed to work with retailers and suppliers to ensure they continue to receive products needed to maintain their normal business operations. The AFPD has been meeting with suppliers, wholesaler groups and other third parties to construct a delivery plan for those retailers and wholesaler customers who have suffered from delivery stoppages. If any AFPD member has experienced delivery stoppage by a supplier, we ask that you please contact the AFPD office at (248) 671-9600 to report this problem immediately.

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or (800) 666-6AFD
Save these dates! Two Exciting AFPD Holiday Trade Shows!

2006

S.E. Michigan Holiday Beverage Show

Wednesday & Thursday, September 13 & 14, 2006

46100 Grand River Ave., Novi, MI

Show Hours:
Wed., Sept. 13, 2006 • 4-9 p.m.
Thurs., Sept. 14, 2006 • 4-9 p.m.

Ask your Sales Rep for Tickets!
Admission Ticket Required. $12 at the door.
Complimentary parking, Courtesy of U.S. Ice
No bags allowed in or out. The law demands that you be at least 21 years of age to attend this show.

Call AFPD for more information at: (248) 671-9600

June 2006

West Michigan Holiday Beverage Show

Tuesday, September 19, 2006
at the DeVos Place
303 Monroe Ave. NW, Grand Rapids, MI
Show Hours: Tues., Sept. 19, 2006 • 2-8 p.m.

Ask your Beverage Rep for Tickets or call 800-666-6233 for free tickets.
Admission Ticket Required. $12 at the door. No bags allowed in or out.
The law demands that you be at least 21 years of age to attend this show.

COMPLIMENTARY PARKING if you park at DeVos Place, Government Center or Louis Campana.
Present the parking ticket at registration booth and you will receive a voucher for complimentary parking.

Call AFPD for more information at: (248) 671-9600
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