

BottomLine

THE VOICE OF INDEPENDENT RETAILERS // VOL. 28, NO. 10 // OCTOBER 2017

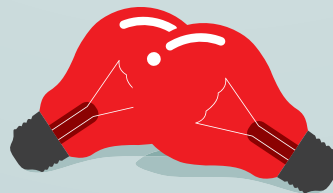


Consolidation Series Wrap Up

From the need to consolidate and collaborate to the ways in which the industry has shifted and what the future may look like

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BottomLine



THE VOICE OF INDEPENDENT RETAILERS
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THE VOICE OF INDEPENDENT RETAILERS

AFPD CORNER // WHOLE HEARTEDLY COMMITTED TO THE HALF-MILE RULE

AFPD took on the Michigan Liquor Control Commission (MLCC) earlier this year when they decided to eliminate the half-mile rule without notification or due process.

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A RUN TO GOVERN OHIO

This past July, Ohio Lieutenant Governor, Mary Taylor announced, in Cleveland, that she plans to run for governor in 2018.

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COVER STORY // CONSOLIDATION SERIES WRAP UP

Over the course of five months, consolidation in the industry has been discussed at length. From the need to consolidate and collaborate to the ways in which the industry has shifted and what the future may look like.



chairman's message

PHIL KASSA // AFPD CHAIRMAN

Getting Stronger by the Day

We enter the stretch run for 2017 and it is hard to believe the holiday season is here! I tried to reflect on where the year has gone and there is so much AFPD has been a part of. I have served on the AFPD Board of Directors for 11 plus years and I have never seen AFPD so strong and we are getting stronger by the day. That is exceptional in the fact that other organizations in our industry are struggling and going out of business.

In the consolidation series we have been writing about over the past 5 months, we did mention that when retailers, suppliers, wholesalers and manufacturers consolidate, so must their respective associations, it is simple logic. And another merger took place just last month with Lipari purchasing Dairy Fresh. AFPD continues to focus on what is in front of us and we continue our growth.

In Michigan you will see a newly redesigned quarterly liquor book which will set us apart. You will also see the Governor sign a bill that will not allow localities from imposing a tax on food. AFPD continues to fight to protect the half mile rule and we have now hired two well-known lobbyists to help us bring this issue to closure by the end of 2017.

In Illinois, we will finally see the repeal of the Sugar Beverage Tax in Cook County. Great work from Stephanie from Pete's Fresh and Lou from Valli Produce who testified before the Cook County Commissioners who really helped make a difference there.

In Ohio, the commission checks from the Ohio lottery have been paid out to retailers from the legislation we were able to pass earlier this year. Some members told me they received close to \$5000.

We have such great lobbyists in Michigan, Ohio and Illinois, but we need your help in support the Political Action Committee in each state. Anything you can contribute helps! Our lobbyist in Ohio, Terry Fleming, introduced us a few years ago to Lieutenant Governor Mary Taylor who is now running to be the next Governor of Ohio. AFPD and many of our board members recently attended a function for her, spearheaded by Paul Elhindi. It was also nice to have the new Michigan Lottery commissioner, Aric Nesbitt visit the AFPD office last month.

Speaking of politics, you should be receiving ballots for the board of directors' annual elections soon. Please make sure you fill them out and send them in. It is so important to have the right people serve on the AFPD board of directors. They represent your voice on the board.

It is also AFPD Turkey Drive season, so please help those in need with a small donation or you can sell turkey hands at your registers and direct the turkeys you raised money for to be sent to the charity or non-profit of your choice anywhere in the Midwest. Please let me know how the AFPD staff is doing, after all they all work for you! God Bless. ■



MICHIGAN LOTTERY COMMISSIONER, ARIC NESBITT,
VISITS THE AFPD OFFICE



OHIO LIEUTENANT GOVERNOR, MARY TAYLOR,
WITH AFPD BOARD MEMBERS & STAFF

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John Denha	8 Mile Foodland/Huron Foods
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Whole Heartedly Committed to the Half-Mile Rule

AFPD took on the Michigan Liquor Control Commission (MLCC) earlier this year when they decided to eliminate the half-mile rule without notification or due process.

"It was done in secret," said Auday Arabo, President and CEO of the AFD, "and we were not going to standby and watch it happen."

The association wants to share a recap of what has happened over the last few months.

This past March, the AFD filed a lawsuit in the Court of Claims asserting that the Liquor Control Commission (LCC) violated the Administrative Procedures Act when it took only five weeks from the time it submitted draft rules to the Office of Regulatory Reinvention rescinding the half-mile requirement until filing the rule as complete with the Department of State.

The LCC proposed to eliminate the half-mile rule, which has been around since 1979, that prohibits off-premise retailers selling liquor from obtaining a permit to do so unless they are located at least a half-mile from a similarly permitted retailer, prompting a lawsuit charging the action could decimate existing businesses.

"We immediately took action and explained that the lawsuit showed that the mere rescinding of the rule does not violate the law," said Arabo. "The problem was the process the Liquor Control Commission used to expedite without proper notice or public hearings, which violated due process rights of all off-premise liquor license holders in the State of Michigan."

AFD garnered media attention with the suit and MLCC reacted by rescinding their original decision to eliminate the rule. Weeks later the MLCC decided to go through certain protocols to eliminate the rule.

On Wednesday September 6, members of the AFD attended a hearing at Constitution Hall in Lansing to challenge the Michigan Liquor Control Commission's effort to end the Half-Mile Rule.

The media was once again covering the story. "We again explained that if we don't fight this, it could result in the complete annihilation of the small liquor retailer," said Arabo. "We don't want a liquor store at every corner. There is great value to the public with this half mile rule."

Since 1979, retailers have received the benefits and privileges of this rule, which prohibits the approval of a specially designated distributor (SDD) license if an existing SDD license is located within 2,640 feet of the proposed site. This rule, enacted for almost 40 years, has offered licensed retailers of liquor, security from an already over saturated market. The rule has protected communities from having four liquor retailers on every busy corner in the State of Michigan.

"Thousands of retailers who have invested their life savings into their businesses and have lived and abided under (the half-mile rule) will risk losing their livelihood for which no amount of damages could compensate," said Arabo. "Hundreds of new applicants will receive licenses and immediately jeopardize, annul and nullify the value and benefit that existing licensees have enjoyed."

AFD has now taken the issue up with legislature. "It is no longer acceptable for this to be a rule that one body can rescind at any moment," said Arabo, "this needs to be a law."

During this same time, Wayne County Sheriff Benny Napoleon penned an op-ed that appeared in the Detroit News. He explained that "the 'Half-Mile' rule is not in place to only protect the merchants and their businesses, but it is necessary one for public safety," he wrote.

"The Michigan Liquor Control Commission (MLCC) wanting to eliminate it, would be irresponsible and could potentially put added unnecessary burdens on police."

He understands that even if the number of licenses are limited, cities could be saturated. "...licenses can be moved around from city to city and potentially cities like Detroit and other larger cities in Wayne County and around the state like Westland and Livonia could end up with a liquor store in every corner of the busiest intersection," noted Napoleon.

"We as law enforcement professionals and those in public policy must protect rules that are in place to protect the public. This 'Half-Mile' rule makes sense. It has been effective for more than 30 years. The MLCC has not given any valid reason to change it. Yet, there are many reasons to keep it in tact."

The story is not over and neither is the fight. "We will not stop," said Arabo. "We will do everything we can to maintain the integrity of this industry. The opponents talk about liquor as if it were bread or milk. It is a regulated product and there is reason it needs to be regulated. We truly appreciate the law enforcement agencies and all those who understand the importance of making this half-mile rule a law." ■

An article from
the Sept.-Oct.
1967 AFPD
magazine,
formerly known
as *The Food
Dealer*.

TAX TOPICS

Uncompensated Riot Damage Deductible

By MOE R. MILLER

Accountant and Tax Attorney

All property owners who suffered property damage from the riots should remember that the uninsured or otherwise uncompensated part of their loss is tax deductible as a casualty, vandalism or theft Loss. This is generally so for both business and non-business property.

Casualty losses to property not used in business or held for production of income, are deductible only to the extent that each casualty loss exceeds \$100. This limit works like a \$100 deductible insurance policy.

Casualty Losses to business and income producing property, the amount of loss is the Lesser of:

1. The difference in the fair market value of the property immediately before and immediately after the casualty, or
2. The adjusted basis for determining loss from the sale or disposition of property.
3. The above amounts reduced by the insurance recovered or any salvage is the deductible Loss.

Casualty losses to goods included in inventories are normally automatically reflected in the cost of goods sold. In other words if you had inventory stolen during the riot in the amount of \$10,000 your **gross profit** and **net profit** would be automatically reduced by this sum of money, but if you collected this sum from insurance it would become income.

Cost of repairs as a measure of decline in value:

1. In one case the deduction was limited to the amount spent on repairs. In another case a deduction greater than the amount spent on repairs was allowed where the tax payer proved the repairs did not completely restore the property to its pre-casualty condition.



MILLER

2. Total repairs are a deductible Loss if the value of the property after the repairs does not exceed the value of the property immediately before the casualty.

The taxpayer has the burden of proving the amount of any casualty Loss claimed. The taxpayer should be prepared to submit the following evidence:

- (1) The cost or adjusted basis of the property. (The usual evidence is the purchase contract or deed, less depreciation.)
- (2) The value before and after the casualty photographs are pertinent evidence.
- (3) Cost or repairs to place property back to its original condition
- (4) Casualty ascertained by a competent appraiser.

Cleanup Expenses:

1. Where cleanup expenses are part of a plan to replace property destroyed, actual cleanup expenses are used to measure the loss.
2. Where taxpayer will not restore property to its pre-casualty condition, an estimate cleanup expense may be used to measure the loss.

Expenses of ascertaining the amount of the loss, such as appraisal fees or photographs are not part of the casualty loss, but they are deductible as expenses in determining tax liability.

Taxpayer must be able to tie the loss of property values to actual damage to their property, rather than to damage to another's property, which in turn reduced taxpayers value.

Time for deduction of casualty losses are deductible in the taxable year sustained. There are certain exceptions to this general rule which should be discussed with your accountant or attorney.

Feed the Children Event in Detroit, Michigan

AFPD was proud to attend and serve the community during the "Feed the Children" event on Tuesday, September 12, 2017.

This was a drive thru food distribution event serving 800 families in the Detroit area. Families received a 25-pound box of food, a 15-pound box of essentials, a 5-pound box of AVON product, Disney books, and additional product provided by PepsiCo, Sam's Club and AFPD.

AFPD donated 800 Lbs. of bananas to families in need, providing them

with food. The event took place at Second Ebenezer Church (14601 Dequindre) in Detroit.

Please give thanks to volunteers and donors for their part in this event. ■





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THE VOICE OF INDEPENDENT RETAILERS
AFPD MEMBER EXCLUSIVE



petroleum news & views

EDWARD WEGLARZ // AFPD DIRECTOR, PETROLEUM

Making Money on Both Sides of the P&L

While visiting an AFPD member's business, the thing I noticed first when I walked into his office wasn't the mess, but instead a printer cartridge and a large needle on the desk. When I raised an eyebrow, he simply explained, "Refilling these printer cartridges is easy. Every time I refill one on my own, we save a few bucks." With that, he pulled the trigger on the needle, fixing another cartridge.

A few days later at another small supplier office, I glanced at the receptionist's desk and noticed she had a big stack of note paper next to the phone for quick messages and missed-call reminders. The note paper itself wasn't interesting -- what was fascinating was that the back of the notes contained snippets of business letters. The receptionist, it turned out, saved old business letters, used a paper cutter to cut bundles of them into fourths, and used the backs of those letters for note pads.

It's an interesting principle. In times of financial trouble, individual people often turn to frugality to save a few dollars. In the words of Charles Dickens in his immortal novel, *David Copperfield*, "Annual income twenty pounds, annual expenditure nineteen six, result **happiness**. Annual income twenty pounds, annual expenditure twenty pound ought and six, result **misery**." The difference between happiness and misery is literally a few pennies. Most of our members in a "pennies" business.

Yet it stands out when I see those same frugal principles translated into the workplace. Businesses that are so focused on the bottom line tend to look mostly at the acquisition of goods at a minimal price and the selling of goods at a maximum price. **Frugality**

usually happens in the middle. You don't practice frugality when acquiring or selling goods, you practice frugality by maximizing the operational items you already have.

For example, **look at the items that are being thrown out in your store.** Could that cardboard box be used to keep someone's desk drawers organized or store records? Why not use the back of that paper as a notepad? Couldn't we just refill that ink cartridge?

Similarly, **look at the items no one is using before you buy something new.** Do you need new light bulbs when there are perfectly good ones in that unused storeroom stuck in the sockets there? Do you need to get more toilet paper when there are dozens of rolls in the men's room? Do you need new motivational posters or could you just move around the ones you already have so different posters catch different eyes?

These seemingly little steps, when added up, make up the pennies of difference between happiness and misery. Over time, they add up to not missing an income tax payment (and accumulating late fees). They add up to being able to retain a great employee. They add up to all of those little things that separate a good business from a marginal business.

The best place to start, though, is **you**. Set a frugal example in the store. Don't spend your business money on an expensive "executive"-branded item. Instead, use the same equipment everyone else uses -- or use even more bare bones equipment. Modify an old cardboard box to be your desk organizer. Employees will be motivated to find recycled uses for packaging that enters your store. Make this frugality a point of pride for yourself -- you can even use it as a selling point, as you're passing the value saved on this item straight on to your customers.

I subscribe to the habit of paying the cashier for everything and anything that I buy. It sets an example that the inventory is not to be pilfered.

No matter how many segments of the marketplace you serve with your business, it's time to shift gears, go out there, think frugally, and win. ■

— REBATES —



AFPD MEMBER EXCLUSIVE

Members with questions call the AFPD office at 1-800-666-6233

DISTRIBUTOR PROGRAM

Eby-Brown

Delivering Solutions Daily

Take advantage of AFPD's group purchasing power!

DETAILS:

- **New Eby-Brown customers** will be eligible for 2% non-tobacco rebate if they agree to the distribution plant/AFPD pricing schedule.
- **Current Eby-Brown customers** will be eligible for 2% non-tobacco rebate only if they agree to the distribution plant/AFPD pricing schedule.
- **All AFPD customers** will be eligible for the Chain Buying Book.

GENERAL REQUIREMENTS:

- Customers need to maintain good credit standing
- Must purchase weekly averaging \$3,500 in total purchases.
- Must be serviced by MI, OH or PA Eby-Brown distribution plants to qualify.

This program provides a customized marketing plan and competitive retail pricing that is sure to help you increase sales and build a better bottom line.

TOTAL VALUE TO YOU:

\$1,040 2% Rebate*
(annual total paid quarterly)

\$850 Chain Buying Book
average savings

\$2,500 Est. AFPD member
program savings

\$4,390 **Total Member Benefits**
PER LOCATION

*Based on \$1,000 non-tobacco purchases weekly

TO SIGN UP FOR THIS PROGRAM, CALL THE AFPD OFFICE AT (800) 666-6233 OR EMAIL INFO@AFPDONLINE.ORG



michigan lottery report

ARIC NESBITT // MICHIGAN LOTTERY COMMISSIONER

Revamped Mega Millions Game to Double Retailer Commissions on Every Sale

The popular Mega Millions game is being revamped to offer players bigger jackpots and the new \$2 price will double retailers sales commissions on each sale.

The update, which takes place October 28th, will increase the game's starting jackpot from \$15 million to \$40 million. To win the game's jackpot, players must match five white balls from 1 to 70 and one Mega Ball number from 1 to 25. The new design of the game is expected to speed up jackpot growth and boost the likelihood of a jackpot reaching \$1 billion.

As seen with the Powerball games, huge jackpots create unparalleled excitement with players and boosted sales for retailers. We expect the changes to Mega Millions to produce similar excitement and sales when jackpots reach high levels.

The redesigned game reflects feedback from players who want larger Mega Millions. Tickets for the updated Mega Millions game will be available for purchase October 28th. Each play will be \$2 – up from the current \$1 price – and players may purchase tickets for up to 14 consecutive draws.

The update also will make it easier for players to win the game's second tier \$1 million prize for matching five white balls. Other secondary prizes also are being increased with the updated game. Players will win \$10,000 for matching four white balls and the Mega Ball, an increase of \$5,000. Additional prize increases are:

- Players will win \$200 for matching three white balls and the Mega Ball, an increase of \$150
- Players will win \$10 for matching either three white balls or two white balls and the Mega Ball, an increase of \$5
- Players will win \$4 for matching one white ball and the Mega Ball, and increase of \$2
- Players will win \$2 for matching the Mega Ball, and increase of \$1

The larger prizes are expected to boost redemption commissions for retailers.

MICHIGAN LOTTERY ANNOUNCES NEW REWARDS PROGRAM FOR PLAYERS

The Michigan Lottery is developing a new player rewards program that will make it easier for players to participate and earn free play.

The new program is expected to begin in early 2018. The exact schedule is being developed.

The new program is based on feedback from Lottery players. Players said they wanted more chances to earn free play, but without entering non-winning ticket codes online. Additional details about the Lottery's new rewards program will be announced later. To receive updates on the coming changes, players should visit www.MichiganLottery.com/email to opt-in for email.

Players will have increased opportunities to use the points they have accumulated in their Players Club accounts before the program ends in early 2018. Players may continue to earn Players Club points by entering codes from non-winning tickets. Players will be notified at a later date about when ticket codes no longer will be accepted.

The Cashword, Bingo, and Wild Time second chance games have been updated, and no longer award reward points. Instead, they award players free play coupons, and entries into weekly drawings for free instant tickets. These games will remain the same after the new loyalty program begins. ■

INSTANT TICKETS // PULL TAB TICKETS

NEW INSTANT TICKETS:

On sale October 3rd:

- IG 223 – Platinum Wild Time – \$10
- IG 214 – Multi-Prize Bingo – \$5
- IG 200 – Did I Win – \$1

INSTANT GAMES SET TO EXPIRE:

Expiring November 6th:

- IG 746 – Holly Jolly Jackpot – \$1
- IG 747 – Holiday Wishes – \$2
- IG 748 – Holiday Ice – \$5
- IG 749 – Money Tree – \$10

NEW PULL TAB TICKETS:

On sale October 3rd:

- MI 502 – \$30,000 Super Slots – \$5
- MI 598 – Chimp Change – \$1

PULL TABS SET TO EXPIRE:

Expiring October 17th:

- IT 865 – \$10,000 Jackpot – \$2

TICKET ACTIVATION: Retailers are reminded to activate all game tickets before putting them on sale to ensure winning tickets may be redeemed by players.

**NEW
OCT 28**

FastCashSM

**MORE NEW GAMES!
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“My players love playing Fast Cash. They love the progressive jackpot and all the different games — there’s one for every Lottery player. And I’m loving the extra sales!”

Mazin Rassam
Marz Wine and Pizzeria, Commerce Township

OVER 99% OF FAST CASH PRIZES ARE REDEEMABLE AT RETAIL.



Easy to sell — no accounting, no dispensing, no display space.

Overall odds of winning a Fast Cash game are from 1 in 3.00 to 1 in 3.75. Overall odds of winning the Progressive Jackpot: 1 in 300,000.

Knowing your limits is always the best bet. Call the Michigan Problem Gambling Helpline for confidential help at 1-800-270-7117.





ohio liquor report

JIM CANEPA // OHIO DIVISION OF LIQUOR CONTROL

Liquor Update From Columbus

Keeping Ohio in the forefront of the spirits industry is imperative to continued growth and success. The Division of Liquor Control (Division) continues to evaluate our operations to identify new and innovative ways to do business which will refine our operations, increase our sales and enhance the customer experience all while promoting responsible consumption.

First, to keep up with demand, the Division is seeking applicants to establish and operate new Contract Liquor Agencies in the state of Ohio. Expanding the Agency footprint not only provides exceptional customer service, it also adds to the economic success of the liquor enterprise. Our goal is to continue rolling out stores in increments of five, and we hope to have 15 – 20 more within the next 18 months.

These new stores will take the shopping experience to the next level. New applicants will describe in their application how they're going to distinguish themselves in terms of look and feel, with an emphasis on sophistication and knowledge. It's important that the staff of these new stores really understand the

products they're selling. We want customers to have an exceptional experience while at one of our locations, and these steps will help do just that.

As we add stores, it is critical to also redesign and implement an innovative and effective retail merchandising plan for Agency stores. The Spirits Innovation Project (SIP), a partnership between the Division, spirits brokers/suppliers and Ohio's Contract Liquor Agencies, will be deployed to test category management strategies to optimize our Agency's untapped potential.

Six Contract Liquor Agencies have been strategically chosen for the Agency Optimization initiative to enhance customer experience and increase revenue potential. The SIP team will create a consistent look and feel across these Agencies that will take a new approach to marketing the products. Store flow will improve customers' experiences by placing products based on category, flavor and size, while also encouraging exploration of new products, Ohio-made products and more. The team will also work with Agency staff on product knowledge to better educate customers as well.

The project will run from September 25th – December 25th. After that time, the SIP team will review data and Agency feedback to determine future efforts.

These initiatives will ensure Ohio remains a leader in the industry, as we understand the importance of a strong and growing spirits liquor enterprise. ■

OHIO DIVISION OF LIQUOR CONTROL'S BOTTLE LOTTERY

The Division of Liquor Control's first-ever Bottle Lottery took place beginning July 24. All 465 of Ohio's Contract Liquor Agencies received tickets to provide to their customers, giving them a chance to win! The winners were given a chance to purchase a highly sought-after bourbon, which only becomes available annually in small amounts.

"It's a great way to give someone a chance to buy this product, who wouldn't otherwise," said Ed Greenlee. Greenlee was one of the randomly drawn names from Ohio's first-ever Bottle Lottery. "This is great! I travel down to the bourbon trails in Kentucky often," he said.

"The Division of Liquor Control is striving to provide Ohio customers a fresh experience in the spirits enterprise, including the opportunity to purchase limited and rare brands," said Superintendent Jim Canepa. "We were excited to partner with Sazerac for this Bottle Lottery." Canepa said the feedback from stakeholders has been fantastic, and he would like to continue lotteries like this in the future.

President and CEO of the Sazerac Company Mark Brown says lotteries like these are important due to the supply and demand of the product right now. "In a situation where demand exceeds supply of these extra aged

whiskeys, we believe this is the fairest system that can be used. We are very supportive of Ohio's approach," Brown said. "We would like to applaud the Ohio Department of Commerce Division of Liquor Control and JobsOhio Beverage System for their fair and even-handed approach to distributing our rare and collectible whiskeys."

The four bottles in the Division of Liquor Control Lottery include:

- Old Rip Van Winkle 10
- Old Rip Van Winkle 12
- Pappy Van Winkle 15
- Pappy Van Winkle 23



Ohio Legislative Update

A busy month for AFPD in Ohio as we dealt with a number of issues. The most important issue to deal with is SB 113.

SB113

This bill would eliminate the 28¢ state gasoline tax for automobiles and trucks registered in Ohio and replace it with an increase in license plate fees for automobiles to \$149.00 per year, that would be for both license plate renewal and yearly replacement of gas tax, for trucks it would be based on the weight of the vehicle, out of state residents would still pay the state gas tax. The whole idea behind the bill is to make electric vehicles, CNG vehicles, and any other non-gasoline vehicles of the future pay their fair share of road tax as its the vehicle that does the damage to the highways.

The way it would work would be similar to what many grocery stores, such as Giant Eagle and Kroger do now, you'd get a state card to swipe at the pump which would then automatically eliminate the gas tax. This is a growing problem for all states and the federal government as more and more alternative fuel vehicles come on line and gas mileage continues to rise making road taxes less and less able to fund highway and bridge repair in the U.S.

A number of ideas have been floated to deal with this, but none successfully as of yet. AFPD met with sponsor of the bill at his request, and as far as we know, we are the only association he met with to get our take. AFPD had many concerns, not the least of which is the cost to convert pumps to accept the new cards. The paperwork involved would be massive and the opportunity for fraud was apparent. There was a proponent hearing on September 20th, but there were no proponents. AFPD told the sponsor we'd work with him to see if a solution could be found and he said

he'd put a working group together headed by AFPD to continue to discuss the bill.

HB 307

Representative Anne Gonzales at the request of AFPD introduced HB 307 which would permanently designate the month of September as "We Card Month". The bill had a sponsor hearing in which Representative Gonzales indicated that Ohio needs to send a strong message that retailers will not sell tobacco or alcohol products to minors. She said that alcohol abuse is a problem, as well as opioids, with minors in Ohio. She thanked AFPD for bringing this to her attention. The Governor early this year declared September 2017, as "We Card" month but this bill would make it permanent.

COMMERCIAL ACTIVITIES TAX (CAT)

AFPD got a notice from the Ohio Department of Taxation that rule changes were being made to the Commercial Activities Tax (CAT) on fuel used for over the road use, which made no sense as AFPD was prime reason the CAT doesn't apply to fuel, a quick call to the Tax Department confirmed that no such rule was being considered.

POLITICS

On the political front, Governor Kasich continues to bash President Trump as he calls for a bipartisan health care reform bill, this does not sit well with conservatives or even mainstream republicans and even his Lt. Governor, Mary Taylor, disagrees with him on the issue as she outlined her own health care proposal for Ohio. State Representative Robert McCalley (R-Napoleon) who had previously announced he would run for Speaker of the House in 2018, dropped out the race and threw his support to Representative Ryan Smith. Representative Larry Householder is also seeking to be next Speaker as current Speaker is term limited.

As always, we close with an appeal to urge fellow businessmen to join with AFPD and help us Make Ohio Great. ■



A Run To Govern Ohio

Lt. Governor Mary Taylor is racing to the finish line

This past July, Ohio Lieutenant Governor, Mary Taylor announced, in Cleveland, that she plans to run for governor in 2018.

With hundreds of AFPD members operating businesses in Ohio, the one who governs becomes an important issue. It's not anything Taylor takes for granted. The food and petroleum retailers are "extremely important," she noted. "In addition to the goods and services they provide to Ohioans, they have created jobs, which sustain families across our state."

Those same retailers play a significant role in the state. "The front-line businesses of AFPD will continue to be important drivers of entrepreneurship and job growth in Ohio, so their viewpoint on public policy issues will continue to be valued," said Taylor.

The industry ties right into what she believes is an important issue for Ohio — "Creating Jobs, strengthening Ohio families, fixing our education system, cutting government red tape and combatting the opiate crisis plaguing our state," she said.

In her prepared remarks at the City Club of Cleveland when she announced, Taylor said she would build on the progress made during current Gov. John Kasich's tenure in office, and recounted her political and professional background.

"As Lt. Governor, I have been privileged to witness — up close, day-to-day, person-to-person — the extraordinary decency and resilience, the hope and spirit, the hard work and compassion of Ohioans in every corner of this state," she said. "But I have also seen the continuing challenges some face, the new problems they confront, and the unmet needs that exist. To meet this moment requires a leader of vision, energy and ability — a leader who can turn promises into policies; policies into action; and actions that makes the lives of ordinary people better. I am that person."

When she announced, Taylor praised Kasich as a "good man," and said Ohio has "dug itself out of a



hole" during his tenure. She has her own vision for a Taylor administration. "We will shape an economy that generates jobs and opportunity," she said. "We will ensure that young Ohioans and those who have seen their lives disoriented by the global economy develop the skills to succeed in it. We will work to end the suffering and isolation of addiction. And we will strengthen our communities and families so we repair our social fabric."

And while in campaign mode, the Republican candidate among others in the race touts that, "I will be a governor who stands four-square on the side of the good, decent, hard-working people of Ohio. Their concerns have become my calling. I will devote my time and energy bringing jobs and healing and hope to the state I love and to the people I serve."

In 2011, Governor John R. Kasich named her lead CSI Ohio — the "Common Sense Initiative" to reform Ohio's regulatory policies, what has that meant to the State?

"CSI was established to give job creators a voice inside state government, to fight on their behalf, and to hold government accountable for the regulations



they impose,” she noted. “And it’s worked. Since we started, we’ve changed or eliminated more than 6,000 business impacting rules.”

CSI is the gold standard nationally and is widely praised by the business community in Ohio. The goal of a Taylor administration is to replicate its success, to build on what works. She believes that too many Ohioans are still being asked to walk through a thorny thicket of regulations to create jobs.

“We’ll reform the structure of state government by integrating the ‘Common Sense Initiative’ into every corner of every agency. “We’ll ensure that the bureaucrats no longer have the luxury of simply waiting out an administration before returning to the status quo,” she noted.

These reforms will serve as a magnet to potential employers across the nation and around the world, convincing them that they have an ideal destination in Ohio. “We’ll create an environment in which job creation is aided and honored,” she explained.

Meanwhile, Taylor got to know AFPD through their government relations efforts. “AFPD has a strong presence at the statehouse representing their members and I first got to know them during my time as a state legislator,” she said. “AFPD is really a great barometer for us because they truly represent the front-line, on-the-ground business, that is directly affected – for good or for bad – by the decisions made in Columbus. And that’s one of the things we are always trying to keep in mind, and make sure that our regulatory agencies are keeping in mind, through the CSI process.”

She has had her own personal experiences with the association and can share her own stories. “Back in 2013, the Ohio EPA was working through how to allow gas stations in 24 Ohio counties to decommission their Stage II Vapor Recovery Systems,” she recalled.

These systems were estimated to cost a gas station between \$20,000 and \$60,000 for implementation, and between \$2,000 and \$4,000 for annual testing. They became unnecessary over time as more and more vehicles were equipped with onboard refueling vapor recovery systems.

However, due to technicalities within the federal Clean Air Act, decommissioning these systems was still fairly complicated. Ohio EPA, in one of its first intensive stakeholder engagements to help develop rules, convened an industry working group (including



MARY TAYLOR WITH AFPD BOARD MEMBERS & STAFF

CSI) to work closely together to help develop rules that would ease the burden on the industry while complying with all federal requirements.

“AFPD was an active participant in this workgroup, which resulted in a very successful two-part strategy (one for new facilities and one for existing facilities) of phasing out the expensive Stage II systems, in favor of much less expensive low permeation hoses (about \$300 per year),” she said.

When it comes to election day, Taylor will have had to define herself apart from the pack. “It’s always interesting, during Republican primaries, to see candidates try to position themselves by bolstering their conservative credentials,” she said. “But if you want to know who a person really is, look at their record.”

She continued to explain how she has taken on large tasks of reform. “In the private sector, I fought for greater work-life balance for women in the workplace,” she noted. “As a legislator, I helped drive the largest tax cut in Ohio history. As Auditor, we held government accountable. And as Insurance Director, I led Ohio’s opposition to Obamacare. I know how to modernize institutions. I know how to make organizations more accountable and efficient. And how to make government more responsive to people’s needs.”

Her campaign message includes the background, the experience, and the record of success that “will ensure that no Ohioan is denied a fair chance and every Ohioan has an opportunity to succeed. ■



Illinois lobbyist report

STEPHEN S. MORRILL // MORRILL & ASSOCIATES, PC

An Update On Illinois State and Local Sugary Beverage Tax Repeal Proposals

State Legislative Update: Estimated Budget Shortfall/State Effort to Repeal Pop Tax/Mass Exodus of Legislators/We Card Proclamation Issued

Though Illinois is benefitting from its first fully-enacted budget in over two years, the state financial dynamics are still problematic. The state budget forecasting agency has reported that Illinois may be operating on a \$1.2 billion shortfall – indicating that further cuts, new revenue streams, or a combination of the two will be necessary to achieve solvency. Governor Rauner has requested that the Illinois legislative leaders assist him in making additional budget reductions to close the shortfall.

While the Legislature earlier this year considered a statewide sugary beverage tax as a part of the revenue for FY18, state lawmakers have quickly taken measures to repeal the Cook County tax and make a “pop tax” illegal throughout the state. As reported previously, three separate bills have been filed in the Illinois legislature to repeal and/or prohibit the imposition of local sugary beverages taxes (HB 4082, HB 4083 and HB 4084). The bills were initially to be the focus of “subject matter” hearings in late August, but those hearings have been postponed until after the vote to repeal the tax by Cook County on October 10th. According to legislative staff, the hearings will be conducted in both Chicago, Illinois and Springfield, Illinois. Further, media reports indicate that House Speaker Michael Madigan has a very negative opinion of the sugary beverage tax, and will likely allow efforts to repeal the tax at the state level to proceed during the fall veto session.

Another evolving political dynamic, which could prove influential in the coming months, is the continuation of retirement and resignation announcements over the summer. As of this report,

30 state-elected officials – Republicans and Democrats from the Senate, House of Representatives, and the Attorney General’s Office – have announced that they will not run for reelection in 2018. This unprecedented mass exit can be interpreted as an expression of the significant frustration with the severe lack of compromise and willingness to work across party lines, chambers, and branches of government. With 30 “lame duck” legislators still in office for the next 15 months, it is possible the 2018 spring legislative session could see significant issues advance during an election year – as a significant coalition could be formed to create a powerful voting bloc. In addition, the high volume of retirements represents a real possibility for the GOP to try and win a majority in the House (causing a significant power shift).

Morrill & Associates is happy to report that Governor Bruce Rauner issued a proclamation declaring September as “We-Card Awareness” Month, asserting his joint support with AFD to prevent tobacco and other age-restricted products to underage persons. The proclamation can be viewed at www.wecard.org.

COOK COUNTY UPDATE: AFD MEMBERS TESTIFY TO SUPPORT REPEAL/NEXT HEARING OCTOBER 10TH

The Cook County Board of Commissioners held a hearing on September 13th to introduce an ordinance to repeal the county’s pop tax. Though a vote was not taken, there was an outpouring of support for the repeal from consumers and business owners alike. Two AFD members, Stephanie Dremonas and Lou Tenuta spoke eloquently about the hardships their business have and will experience due to the tax. The testimony provided by Stephanie and Lou were featured in many Chicago news editorials supporting the repeal of the pop tax.

The next board meeting is set for October 10th, when a vote on the repeal ordinance is expected to occur. AFD will be at the October 10 hearing to testify in support of the repeal ordinance, and impacted AFD members are encouraged to continue contacting every County Commissioner to request they vote to repeal the tax.

We are confident that the Cook County “pop tax” will be repealed, thanks to the efforts of AFD members and government relations staff. Just another reason to be an AFD member and contribute to the AFD PAC Fund. ■



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CONSOLIDATION SERIES WRAP UP

From the need to consolidate and collaborate to the ways in which the industry has shifted and what the future may look like

■ BY ASHOURINA SLEWO // DENHA MEDIA & COMMUNICATIONS

Over the course of five months, consolidation in the industry has been discussed at length. From the need to consolidate and collaborate to the ways in which the industry has shifted and what the future may look like.

In the first part of the series, consolidation was looked at as a whole. The industry is a far cry from what it used to look like. The word traditional no longer applies to the industry as it has been caught up in a whirlwind of changes. It has moved beyond evolving and skipped right to melding.

President and CEO of the Associated Food and Petroleum Dealers (AFPD), Auday Arabo, noted that even AFPD had to grow and evolve with the changing industry in order to continue its relevance within the industry. "It was imperative that AFPD evolved right with the industry," said Arabo. "If we tried to stay the Meat Cutters Association, for instance, we wouldn't exist today. We are the voice of many who must fit and function under one tent."

In an effort to keep up with the industry and offer as much as they possibly can to their members, AFPD has been a part of many mergers over the years. What was once the Meat Cutters Association is now a medley of many different facets of the industry. These mergers have allowed AFPD better serve each of their members.

AFPD is now comprised of grocery store owners, liquor and/or convenience stores, gas station owners, and suppliers. The diversity of members opens up a line of communication between members of the industry that would not have this avenue of communication otherwise.

"We represent thousands of business owners who in-turn employ thousands of workers," said Jerome Crete, AFPD Board member and owner of Ideal Party Store. "We also get the attention of more suppliers who look at us as a bigger group to do business with. This has allowed us to get greater programs that benefit all of us."

Having both suppliers and retailers at the table allow for a better understanding of what is happening in the sectors opposite of them.

"Consolidating membership and trading ideas, accomplishments and failures makes everybody stronger," said Ed Weglarz, Director of Petroleum. "The customer benefits because good ideas filter throughout the association and get implemented faster and better. Profitable retailers provide better service to the consumer. Presenting a united front to lawmakers and regulators helps level the playing field to retailers who can compete based on hours, appearance, price and service."

CONSOLIDATION AMONG GROCERS


Throughout the consolidation series there has been a common theme, aside from the obvious consolidation, retailers are grasping every which way in an attempt to stay ahead of the game. In the second installment of the consolidation series, we talked about consolidation among grocers and the methods they have been forced to employ amidst changes.

"Competition has really become aggressive, and it's become a challenge because we are getting beaten up by the chains, online marketing and the convenience stores," said Phil Kassa, AFPD Chairman of the Board and co-owner of family owned grocery stores, including Heartland Marketplace. "The chain stores are fighting each other for the same dollar, and we've become the collateral damage."

With sectors of the industry bleeding into each other, business owners are finding themselves incorporating different methods and even upscaling their businesses to appeal to their customers and avoid being forced out of the industry. "It's out with the old, in with the new all the time," said Terry Farida, owner of Value Center.

As consolidation continues, the competition also intensifies. With the competition comes unlikely marriages of various services and business models. Most prominent in the grocery industry has been the incorporation of prepared foods.

"Prepared food is a huge growth for us and, I think, in a lot of other stores and even C-stores and gas stations because everybody is doing prepared food now," said Mark Garmo, owner of Village



Food Market. “Everybody does it at a certain level. We have two executive chefs here with us, we can cook and be on par with any restaurant that is in the area.”

Consolidation in the industry is shaking up what was once considered to be the traditional model of business. Many businesses are now multifaceted and can consider themselves as one-stop shops. Consumers can now shop for groceries, buy dinner, and refuel from one business.

“As a conventional grocer, gas stations and liquor stores keep taking small pieces of the pie from us, which leaves us less,” said Tom Baumann, owner of Ric’s Food Center. “We need to continue to smile more and do a few things better.”

LIQUOR AND PETROLEUM

As the AFPD Bottom Line geared up for the third part of the consolidation series, Amazon announced its plans to purchase Whole Foods, furthermore contributing to the point that AFPD had been making about the necessity of changing with the industry.

According to Arabo, evolutions like that of Amazon are inevitable and all the more reason for associations like AFPD to expand and grow as well. “We as an association need to keep our members informed and thinking about how to stay competitive.”

In addition to expanding alongside the industry, members believe that AFPD should be representative of all. “The benefit would be a stronger association that carries more weight with public/government relations,” said Cliff Denha, co-owner of The Wine Palace of Livonia. “The problem is coming to a consensus with all the industries if they begin to affect one another.”

With AFPD representing all sectors, from gas stations selling beer, wine, and liquor and supermarkets pairing themselves with gas stations, some believed the association would have a difficult time doing what is right for every industry. However, AFPD has worked hard to dispel these misconceptions, specifically that they have “turned their backs on the liquor retailers.”

“That was the belief by some,” said Arabo. “The merger [2006 merger of the Associated Food Dealers and the Great Lakes Petroleum Retailers and Allied Trades Association] has not been a detriment, but rather an asset to all of the members we represent. Today, petroleum dealers have mini-markets including liquor stores and some liquor retailers have gas stations. They both benefit from being under one association umbrella.”

AFPD continues to represent its members throughout their transitions, ensuring they give every member the tools and the voice needed to maintain their livelihood. While many things are uncertain during consolidation, one thing is definite, consolidation of the industry will continue.



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"It's natural evolution," said Crete. "They keep getting more and more blurred. Depending on your perspective, you think you are not being represented, but in reality, you are; but you are being represented at the same time because the blurring of the business you are more and more the same."

SUPPLIER CHANGES TRICKLE DOWN

Having experienced consolidation in a number of ways over the years, suppliers have noticed the changes that come as a result and have grown to understand that these changes are not only inevitable, but just another facet of the industry.

"Consolidation is a natural occurring event and follows the law of nature that acknowledges the survival of the fittest is always a fact," said Bobby Hesano, President and CEO of D&B Grocers Wholesaler and Distributors. "Consolidation occurs when retailers lose sight of what the consumers are looking for at any point in time."

For both retailers and suppliers, the solution almost always boils down to the wants and needs of their consumers. If retailers fail to acknowledge these wants and needs, they will likely lose customers. Hesano uses the trend for organic products as an example.

"The trend now for organic and fresh product is healthier for food preparation and consumption," Hesano explained. "When retailers fail to see the change, they will lose that customer to those who do. In our market, Kroger and Busch's have realized and accepted that change and have provided the items consumers are looking for in organic produce, fresh, and 'Made in Michigan' items. Those that didn't are gone and normally consolidated into the ones that did. Like Kroger buying Great Scott and Hillers. Conversely, Busch's has opened two new stores."

These factors have resulted in the closing of many stores over the last 20 to 30 years. Many closing as they refused to acknowledge the changing industry and failing to implement new strategies that would keep them afloat. "All good operators that fail to change with the changing marketplace will go out of business, unless they accept the changes and change with them," Hesano explained.

"We think this trend of stores closing will continue as the national account retailers add 400 to 500 stores per year," said Al Chittaro, President of Faygo Beverages.

Without an end in sight as far as consolidation goes, suppliers bring another level of information to AFPD that open up a line of communication that would not be possible otherwise.

"We all have much more in common rather than apart," said Weglarz. "By having both supplier and retailer categories as members of AFPD, we have the opportunity to discuss problems, promotions, and challenges encountered by both groups, face-to-face. Usually we find that the rumored problem on the streets is much simpler when it gets talked about and more easily addressed. Oftentimes we get input from an unrelated industry who faced a similar problem and already had a solution in place."

PETROLEUM AND FOOD

In the final installment of the consolidation series, the spotlight was put on petroleum and food, a combination that might make some cringe, but a combination that has become a mainstay, nonetheless. With the near eradication of standalone gas stations, it has become normal to pop into a gas station to refuel and grab a bite to eat. If there is not food readily available in the gas station, though, then there is likely a supermarket less than a parking lot away, with prepared food.

"There just aren't enough gross profits for gas to cover expenses of operating just a gas station," said Weglarz. "Because the motoring public is so cognizant and sometimes irrationally paranoid regarding the price of gasoline, the product has been a traffic builder for the last 50 years."

Over the years, gas stations have attempted a number of methods to increase their profits, starting first by offering vehicle repair services, that gradually lost its appeal as cars become electronically more complex. In addition to vehicle repair services, stations incorporated vending machines to satisfy the hungry customer waiting on their car.

These vending machines gradually turned into reach-in coolers, coffee bars and microwaveable snacks and treats. "The business for the independent gas station has evolved into multidoor coolers offering a variety of soft drinks, juices, and waters," noted Weglarz who spent more than 20 years of his career owning and operating gas stations. "In addition, shelves with a variety of candies, salty snacks, and items to satisfy the sweet tooth are now the norm."

Gas stations are a hub of convenience. They offer everything one could need on the fly, from gas and a bag of chips to a loaf of bread and a gallon of milk. "Customers are stopping not just for gas, but for everything else," said Kevin Bahnam. "Food services is becoming the next big thing. Food is ranking in the top three best items to sell in the store in terms of profit margins. You may sell more cigarettes, but the profit margins are not as high."

The consumers obsession with low gas prices and convenience is a huge part of the success of the melding of the petroleum industry with the food industry. It works so well together that even supermarkets have jumped on the bandwagon and have begun incorporating gas stations, as well. Supermarkets dangle gas stations in front of the consumer as a promotional item, offering free gas or fuel points.

"You cannot waste time and energy bemoaning the negatives that effect your industry; you must concentrate on providing what the customer wants and needs," said Weglarz. "Eliminate what doesn't sell and add the items and services that customers are buying." ■



Brothers Follow in Their Father's Footsteps

■ BY STEPHEN JONES // DENHA MEDIA & COMMUNICATIONS

For Jason Jindo, preparation met opportunity in 2009 when he and his brother, Christian, opened their first liquor store in St. Joseph. The Jindo brothers got a chance to learn the retail business firsthand by helping out around their father's Detroit liquor store.

"My dad owned a store in Detroit by the old Tigers stadium," Jindo said. "We kind of grew up with it, and we actually started buying stores in Ohio before we started to move forward with the liquor cabinet concept and ran with that."

The Liquor Cabinet concept refers to the extensive selection of products that can be found in any of Jindo's stores. The Lambertville store boasts an especially impressive, 60-door beer cooler that is the largest of its kind in Michigan.

"Each store is like a high-end bottle shop where we have cigars, any kind of liquor you can think of, any wine you can think of, mixers," Jindo explained. "Anything associated with alcohol, we have it."

All of the stores mimic each other in terms of layout. The Jindo brothers have found a recipe for success and try to apply that to each store they open. All the Jindo brothers' stores combine top-of-the-line selection with knowledgeable employees to provide high quality shopping experiences to their customers.

"We train people to be knowledgeable enough to know the difference between IPA's and stouts and teach them at least the bare basics. Our employees can help you find a good bottle of wine and tell you why a



certain bottle of bourbon is better than another," Jindo said. "Our customers appreciate that, and they come in for the service and the knowledge."

The Jindo brothers also do not hesitate to show their customers appreciation outside of the in-store shopping experience.

"We sponsor basketball teams, hockey teams, robotics teams, anything to stay in touch with the community" Jindo said. "Our customers are like family to us."

The Jindo brothers know the importance of community and strive to maintain a high level of customer service. They feel that their involvement with the AFPD helps them achieve their goals as a retailer.

"Honestly, the AFPD has always been very helpful with every store that we've opened. We may have a hard time getting distributors out or getting contracts in with certain vendors, but if I reach out to the AFPD, almost all these companies will contact to me the next day," Jindo said. "Not to mention all the work they do fighting for the half-mile rule."

The Jindo brothers grew up around the retail business and clearly learned a lot. They decided to follow in their father's footsteps and have had great success serving communities across Michigan for a little under a decade, following a formula that combines broad selection with excellent customer service and community involvement. ■

RETAILER: LIQUOR CABINET

Location: St. Joseph, MI; Temperance, MI; Lambertville, MI

Founded: 2009

Employees: 23

AFPD Member Since: 2011

Slogan: "Following a formula that combines broad selection with excellent customer service and community involvement."





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Your Child is Heading to School – Make Sure to Get These Legal Documents

■ BY RANDALL A. DENHA, ESQ.*

While we may know better, an 18 year old college student is generally considered an adult under Michigan. Your rights as a parent to make decisions for your child change suddenly when he/she turns age 18. You no longer have complete access to your child's financial, education and health records, even if you're still paying the bills. Since it may be important for you to be able to make important financial and/or health decisions for your child, it's important to establish your legal ability to do so ahead of time. Therefore, your child should have a health care power of attorney



and a power of attorney in place once he/she turns age 18. In certain circumstances, you should also consider your child preparing a Will.

Your child should sign a health care power of attorney appointing you or another trusted adult to make medical decisions for them, if necessary. A health care power of attorney should include HIPPA language, enabling the doctor to disclose medical information to you.

Your child should also sign a durable power of attorney, appointing you or another trusted adult to act as agent for him or her in a variety of legal and financial matters. For example, if your child is spending a semester abroad, you would be able

to wire money from your child's account, or sign important legal documents (such as a lease) in his or her absence.

If your child is lucky enough to have substantial assets at age 18, he or she should have an estate plan to direct where those assets should go in the event the child should die. Under Michigan law, if someone dies leaving only parents (no spouse or children), the parents get the child's assets. This could destroy a parent's well thought out estate plan. ■

**Randall A. Denha, j.d., ll.m., principal and founder of the law firm of Denha & Associates, PLLC with offices in Birmingham, MI and West Bloomfield, MI. Mr. Denha continues to be recognized as a "Super Lawyer" by Michigan Super Lawyers in the areas of Trusts and Estates Law; a "Top Lawyer" by D Business Magazine in the areas of Estate Planning and Tax Law; a Five Star Wealth Planning Professional; Michigan Top Lawyer; Lawyer of Distinction; Best Lawyers; and a New York Times Top Attorney in Michigan. Mr. Denha can be reached at 248-265-4100 or by email at rad@denhalaw.com.*



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Rescuing Fresh Food For Metro Detroit's Hungry

High Five TURKEY DRIVE

RETAIL & COMMUNITY OUTREACH

**Help us raise money at your registers
and give back to the charity of your choice!**

Your business can generate a significant donation for AFPD's Annual High Five Turkey Drive by participating in our paper turkey program! Paper turkeys are a fun, simple way to raise funds while sending a message to your customers and the community that you care about feeding the hungry. Best of all, 100% of the money you raise will go toward purchasing turkeys for a charity of your choice!

Here's how the paper turkey program works:

- AFPD will send you a starter package which includes a poster to place in your store to raise awareness and turkey hand cut-outs.
- Place the paper turkeys at the register and have your cashiers encourage customers to buy a paper turkey for a suggested donation of \$1, \$5, \$10 or even \$20. **Every \$15 you raise buys you one turkey towards your charity.**
- The purchaser can sign the High Five paper turkey and we encourage you to display it prominently in the store. Paper turkeys can be displayed on walls, windows, or hung from the ceiling to generate maximum awareness.
- Program runs from **September 1st – November 10th.**



If your business is interested in selling the High Five Paper Turkeys to benefit the AFPD High Five Turkey Drive, please complete the form below and fax to (248) 671-9610 or call Lisa Denha at (800) 666-6233 and we will mail you a starter packet!

YES! I want to sell High Five paper turkeys to raise money for families in need!

All donations are tax deductible. AFPD Tax ID# 38-1203756

NAME: _____ # OF PAPER TURKEYS WANTED: _____

BUSINESS: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: _____

EMAIL: _____



GREAT LAKES WINE & SPIRITS //

Broadside – Cabernet Sauvignon

Well it's official: Cabernet Sauvignon is now the most planted and best-selling wine type in the world. Though we all still sell lots of Chardonnay, tons of Pinot Grigio, and Red Blends* continue to grow...but Cabernet is King.

There are a bunch of reasons for this, but simply put, Cabernet usually makes very good to downright outstanding wines. When made correctly, they have that perfect yin-yang between sweet fruit and firm tannins. They are food-friendly too: nothing—as in nothing—goes better with a ribeye than a glass of Cabernet (or Bordeaux, or some other Cabernet-based wine).

This month's selection hails from Paso Robles California. This relatively warm area has long been known for producing dependable,

solid, good value red wines—Syrah, and Zinfandel as well as Cabernet. But over the past few years, they've upped their game considerably, and the area has been divided into eleven different 'sub-AVA's (yes eleven). There are zones closer to the Pacific that are much cooler, and zones farther inland that are much warmer, so it is much easier now for vintners to know where to plant which grapes since they all have different needs and/or it allows them to make choices based on the style of wine they want to produce. Arguably, the top Cabernets come from the slightly cooler spots. Also worth noting: the vine age is increasing—one of the considerations of quality wine.

This Broadside Cabernet is sourced from a couple of the sub zones, but is predominantly from

the cooler Santa Margarita AVA. Very complex soils (an ancient river bed) and has altitude as well as proximity to the ocean...an ideal formula for fabulous fruit.

The name for this Cabernet Sauvignon is apt: it is rich and juicy and flavorful with gobs of fruit and the perfect tug of tannins to balance it out; the fact that it's from a cooler zone means it has good acidity as well, so food-friendly and not a wine that you get tired of drinking—a perfect bottle to recommend to your clients, since one glass or one bottle is never enough! And since it comes from Paso, it's a GREAT value.

We're here to help you grow your business! ■

** Remember, most of these red blends are heavy with Cabernet too!*

BROADSIDE

2014
CABERNET
SAUVIGNON
PASO ROBLES

2014
Paso Robles
Cabernet Sauvignon

bottled by
BROADSIDE
San Lucas, California

GOVERNMENT WARNING: (1) ACCORDING TO THE SURGEON GENERAL, WOMEN SHOULD NOT DRINK ALCOHOLIC BEVERAGES DURING PREGNANCY BECAUSE OF THE RISK OF BIRTH DEFECTS. (2) CONSUMPTION OF ALCOHOLIC BEVERAGES IMPAIRS YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY, AND MAY CAUSE HEALTH PROBLEMS. CONTAINS SULFITES

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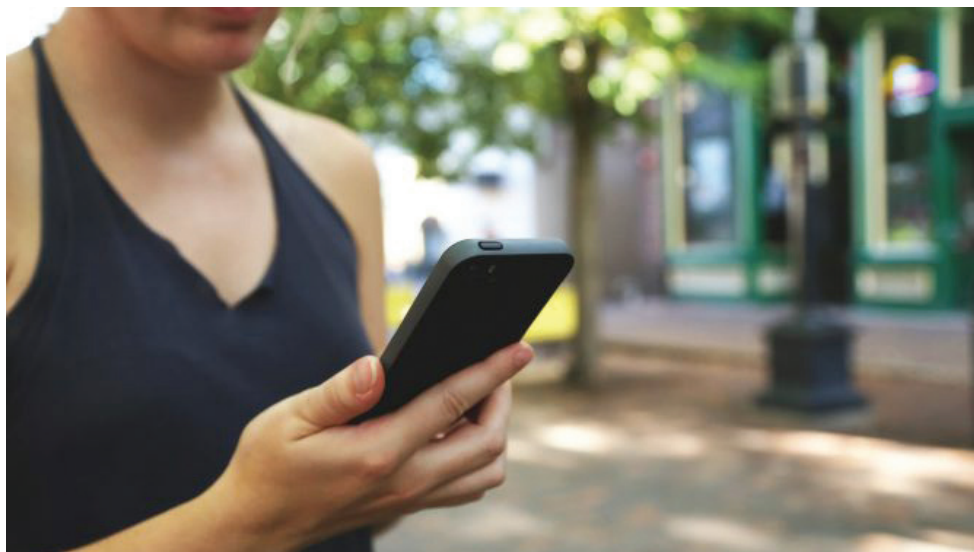


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10 Situations that Call for the Blue Cross Blue Shield of Michigan Mobile App



You may have seen that Blue Cross Blue Shield of Michigan (BCBSM) offers a mobile app for Blue Cross and Blue Care Network members. You may even have it downloaded to your phone. But have you started using it yet? If not, you're missing out on a way to make your life easier, whether you're dealing with a health crisis, a routine trip to the doctor or a way to manage your fitness goals. The trick is knowing how the app's many features can play a part in your life.

HERE ARE 10 SPECIFIC SITUATIONS WHERE YOU'LL BE THANKFUL TO HAVE THE BCBSM APP IN YOUR POCKET:

1 In the middle of the night: When you or your child is struck by a midnight fever or allergy attack, the BCBSM mobile app can directly connect you to the 24-Hour Nurse Line. The nurses can help quickly address your symptoms and advise you about whether you should seek more advanced care.

2 When you're with your financial planner: Not sure if you're getting the most out of your Health Spending Account? Open it right up within the app, and you'll be able to address any questions about how it impacts the rest of your finances.

3 On a run: If you're all about your wearable fitness tracker, be sure to sync it up with the BCBSM mobile app. It can help you see your goals and track how well you're doing to reach them, while also keeping tabs on your steps and healthy habits.

4 When you get mail from your doctor and something looks off: When an odd-looking item pops up on a doctor bill, use the BCBSM mobile app to check against your claims quickly. Verify the Amount You Pay matches your doctor's bill before paying.

5 At the hospital: An emergency is no time to think about your coverage specifics. The app's My Coverage section breaks down your

level of coverage and shares how much a copay will cost you at the ER or an urgent care center. You can also access your virtual ID in case your card gets left behind in a flurry.

6 While traveling: There's nothing worse than feeling sick on-the-go. Visit a doctor covered under your plan and nearby (no matter you happen to be!) by using the Find a Doctor feature within the app.

7 When you're without your wallet: Realize you've left your wallet at home? No worries. The BCBSM app has a virtual copy of your Blue Cross member ID card.

8 While paying your premium bills: If you're like many people, you like to settle your various bills all at once. Now you can add paying your health care premium bills to that list; just open the app and pay your bill with the push of a button.

9 When you have questions about your coverage: Make sure you and your family know what's covered. Tap the My Coverage icon to get details on your medical, prescription, dental or vision coverage.

10 At the grocery store: Coverage goes where you go, and so do the member discounts that come with it! Check out the Member Discounts section of the app for exclusive discounts on groceries at places like the Better Health Store or Westborn Market. ■

BROUGHT TO YOU BY:



**Blue Cross
Blue Shield
Blue Care Network**
of Michigan

Future Dating of Ohio BWC Premium Payments

BWC began allowing for future dating of premium payments, available through their website www.bwc.ohio.gov. You can now schedule future payments to avoid missed or late payments and for true-up reconciliation.

- BWC only accepts ACH transactions for future dating
- BWC does not allow future credit card payments
- Since you select the payment date, be certain you have the correct premium installment deadlines for reference

- Payment may be blocked by your bank; be sure to confirm the transaction was authorized
- In case your bank requires it; the BWC debit blocker code is #3311334187. It is your responsibility to provide this to your bank if necessary

If you would like to schedule multiple installment payments, you can do so through the “Accounts Receivable” screen by choosing different dates for each one. All payments must be ACH. ■



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Lipari Foods Acquires Assets of Detroit City Dairy, Inc DBA Dairy Fresh Foods, Inc. Increasing Strong Partnership In Local And National Brands

■ BY LIPARI FOODS, LLC

Effective August 11, 2017, Lipari Foods, a leading Midwest food distributor based in Warren, Michigan, agreed to acquire several assets of Dairy Fresh Foods, Inc. including the Dairy Fresh brand. Dairy Fresh Foods is headquartered in Taylor, Michigan. This opportunity expands Lipari's product breadth and fulfills another strategic goal for the company.

Lipari's strategic position is to be one of the premier "perimeter of the store and specialty grocery" distributors in the US. Tony Franchi, Senior Vice President of Sales at Lipari Foods says: "We are excited to have acquired the many brands of Dairy Fresh Foods. They offer great products to the marketplace and have a long history of servicing the supermarket trade. Combining what they have established with all that Lipari brings to the table means increased value for all of our customers."

Acquiring select assets of

Dairy Fresh Foods is a natural "next step" for Lipari, as the two companies have a similar product portfolio of local and national brands and share established relationships with many manufacturing partners. Adding the Dairy Fresh products to Lipari's portfolio will surely bring added value to both Lipari's existing customer as well as customers that are currently serviced by Dairy Fresh Foods, Inc.

Lipari Foods will be integrating the acquired assets into its Warren campus where it recently added 262,000 square feet of additional warehouse capacity in July of this year. The company expects a very smooth transition to the new facility and is working diligently to avoid any disruption to our customers and their businesses.

ABOUT LIPARI FOODS, LLC

Lipari Foods was founded in 1963, the next step in the career of Jim Lipari, who began by delivering unique products from the back

of his Buick station wagon.

Today Lipari Foods is a leading independent "perimeter of the store" distributor in the Midwest, delivering a wide range of quality bakery, dairy, deli, packaging, seafood, meat, specialty grocery, foodservice, confectionery and convenience food and beverage products to over 7,500 customers across 16 states.

ABOUT DAIRY FRESH FOODS, INC.

Dairy Fresh Foods, Inc. was a wholesale food distributor located near Detroit. It serviced retail food stores of all sizes as well as food service customers in Michigan, Ohio, northern Kentucky, Indiana and the greater Chicago area. Dairy Fresh Foods offered over 3,500 products in the categories of dairy, deli, bakery, grocery, snack, confection and frozen seafood. The item selection included national, regional and specialty brands, along with private label merchandise that includes the Dairy Fresh and Fairmont Farms brands. ■





Philly Soda Tax Costing Grocers \$300K a Month

Grocers say that thousands of products are being impacted by the tax, including sports drinks, flavored waters and nutrient enhanced drinks

■ BY NACS ONLINE

Philadelphia's beverage tax is costing supermarkets \$300,000 a month in lost sales as consumers head to retail locations outside of the city where the tax does not apply, reports the Philly Tribune.

Enacted on January 1, 2017, Philadelphia Mayor Jim Kenney proposed the beverage tax as a revenue-raising measure for pre-Kindergarten education. Initially, Kenney sought a 3-cents-per-ounce tax but ultimately the final tax levies a 1.5-cents-per-ounce beverage tax, which by some estimates, impacts about 4,000 beverage products—not just soda.

A new study by John L. Stanton, an expert in food marketing at the Department of Food Marketing of the Saint Joseph's University Haub School of Business, found that total beverage sales in five Philadelphia supermarkets dropped by more than \$80,000 each month, writes the news source. However, the loss in sales is not limited to beverages.

"The average monthly loss in sales per Philadelphia store of \$304,433 will lead to some reduction in labor force," Stanton wrote in the study, adding: "There is almost no scenario that would lead one to believe that the Philadelphia Beverage Tax will permit taxed supermarkets to maintain existing labor forces. Furthermore, the decline in supermarket sales will negatively impact distributors and other channels of distribution

companies serving those supermarkets. While the reduction in force may take a few months to reach an equilibrium level, a labor reduction seems inevitable."

Grocers like Jeffery Brown, president of Brown's Super Stores, which operates 13 ShopRite stores in Philadelphia, told the Pennsylvania Senate Local Government Committee in written testimony that the thousands of products impacted by the beverage tax include sports drinks, flavored waters and nutrient enhanced drinks.

"The beverage tax has cut beverage sales by half at our 13 ShopRite stores in the city and created storewide sales drops that vary from 10% to a whopping 25%," Brown said, adding that in six of his 13 stores, overall sales were down an average of 15%, and beverage sales were down nearly 60% since the tax took effect in January.

"We know that shoppers are going outside the city to buy their beverages and they are taking all their grocery dollars with them," Brown said.

The loss of sales in Brown's ShopRite stores has also been met with a decrease in labor. "We are cutting back hundreds of work hours and not filling open positions," Brown wrote. "I have 210 fewer associate positions in my stores this year as a direct result of the beverage tax. And I'm not alone. This trend is happening at stores around the city."

The news source writes that

in his study, Stanton compared sales receipts of five Philadelphia supermarkets with four suburban supermarkets, and he compared sales in each store after the tax was imposed with trends before the tax was imposed. He found that the beverage tax came during an already challenging time for Pennsylvania's supermarket industry, which had been facing sales declines due to changing consumer patterns. Therefore, the beverage tax doubled sales losses in Philadelphia stores.

"This study confirms our worst fears and highlights the struggles supermarkets across the city have been facing every day this unfair tax has been imposed on them," Dave McCorkle, president emeritus of the Pennsylvania Food Merchants Association, said in a news release.

"At a time when food retailers were already confronting headwinds from online shopping and other changes in consumer behavior, this tax is dealing a death blow to an industry that provides access to groceries for families in low-income neighborhoods," McCorkle added. "Our elected officials need to recognize the existential threat this tax poses for an industry that employs thousands of Philadelphians in family-sustaining jobs."

Be on the lookout for the October NACS Magazine cover story, "A Costly Pour," on the economic impact and consequences beverage taxes are having on retailers and consumers. ■



Ohio's Minimum Wage to Increase in 2018



■ BY OHIO DEPARTMENT OF COMMERCE

Ohio's minimum wage is scheduled to increase on January 1, 2018, to \$8.30 per hour for non-tipped employees and \$4.15 per hour for tipped employees. The minimum wage will apply to employees of businesses with annual gross receipts of more than

\$305,000 per year.

The current 2017 Ohio minimum wage is \$8.15 per hour for non-tipped employees and \$4.08 for tipped employees. The 2017 Ohio minimum wage applies to employees of businesses with annual gross receipts of more than \$299,000 per year.

The Constitutional Amendment (II-34a) passed by Ohio voters in November 2006 states that Ohio's minimum wage shall increase on January 1 of each year by the rate of inflation. The state minimum wage is tied to the Consumer Price Index (CPI-W) for urban wage earners and clerical workers for the 12-month period prior to September. This CPI-W index

increased by 1.9 percent over the twelve-month period from September 1, 2016, to August 31, 2017. The Constitutional Amendment is available online.

For employees at smaller companies with annual gross receipts of \$305,000 or less per year after January 1, 2018, and for 14 and 15-year-olds, the state minimum wage is \$7.25 per hour. For these employees, the state wage is tied to the federal minimum wage of \$7.25 per hour, which requires an act of Congress and the President's signature to change.

Employers can access the 2018 Minimum Wage poster for display in their places of business from the Department's website. ■

Philip Morris Will Give \$1 Billion to Curb Smoking

The new research foundation will be headed by former WHO official Derek Yach



■ BY NACS ONLINE

Philip Morris International announced this week that it will pledge \$1 billion to support the start of the Foundation

for a Smoke-Free World, an independent nonprofit created to ultimately eliminate smoking worldwide, Bloomberg reports.

According to the foundation's website, the group "collaborates with other nonprofit, advocacy and government organizations to advance smoking cessation and harm-reduction science and technology. It also serves as a convener of research, dialogue and ideas to reduce smoking globally, while monitoring, evaluating and helping to address the impact of reduced smoking rates on agriculture and economics."

Derek Yach, who worked for the World Health Organization,

will head the foundation. Philip Morris will spend around \$80 million yearly over the next dozen years for the program, beginning in 2018. "There is a unique opportunity today to significantly change the health trajectories of the millions of men and women who continue to smoke by offering them a better choice," said CEO André Calantzopoulos with Philip Morris, in a statement.

"The foundation is a welcome driver of change, at a time when a smoke-free future is clearly on the horizon. We will welcome its recommendations to accelerate smoker adoption of less harmful alternatives." ■

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Blue Cross Blue Shield of Michigan and Blue Care Network are nonprofit corporations and independent licensees of the Blue Cross and Blue Shield Association.

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Capital Sales Company(248) 542-4400
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S. Abraham & Sons, Inc.....(616) 453-6358
Seaway Cash N' Carry(216) 361-5757
United Custom Distribution(248) 356-7300

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Detroit Popcorn Company(313) 387-1600
Frito-Lay, Inc.1-800-359-5914
Kar's Nut Products Company.....(248) 588-1903
Motown Snack Foods
(Jays, Cape Cod, Tom's, Archway, Stella D'oro) . .(313) 931-3205
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Snyder's-Lance, Inc.(616) 401-0258
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SpartanNash (616) 878-2248
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Value Wholesale Distributors (248) 967-2900

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


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Pernod-Ricard USA(248) 717-3177
Proximo Spirits(810) 278-0599
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Southern Glazer's Wine & Spirits of Michigan
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NOVEMBER 16 & 17, 2017

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JANUARY 6, 2018

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Periodicals postage prices paid at Pontiac, MI and additional mailing offices.

The opinions expressed in this magazine are not necessarily those of AFPD, its board of directors, staff members, or consultants. Bylined articles reflect the opinions of the writer.

POSTMASTER: Send address changes to AFPD Bottom Line, 5779 West Maple Road, West Bloomfield, MI 48322.

AFPD works closely with these associations:



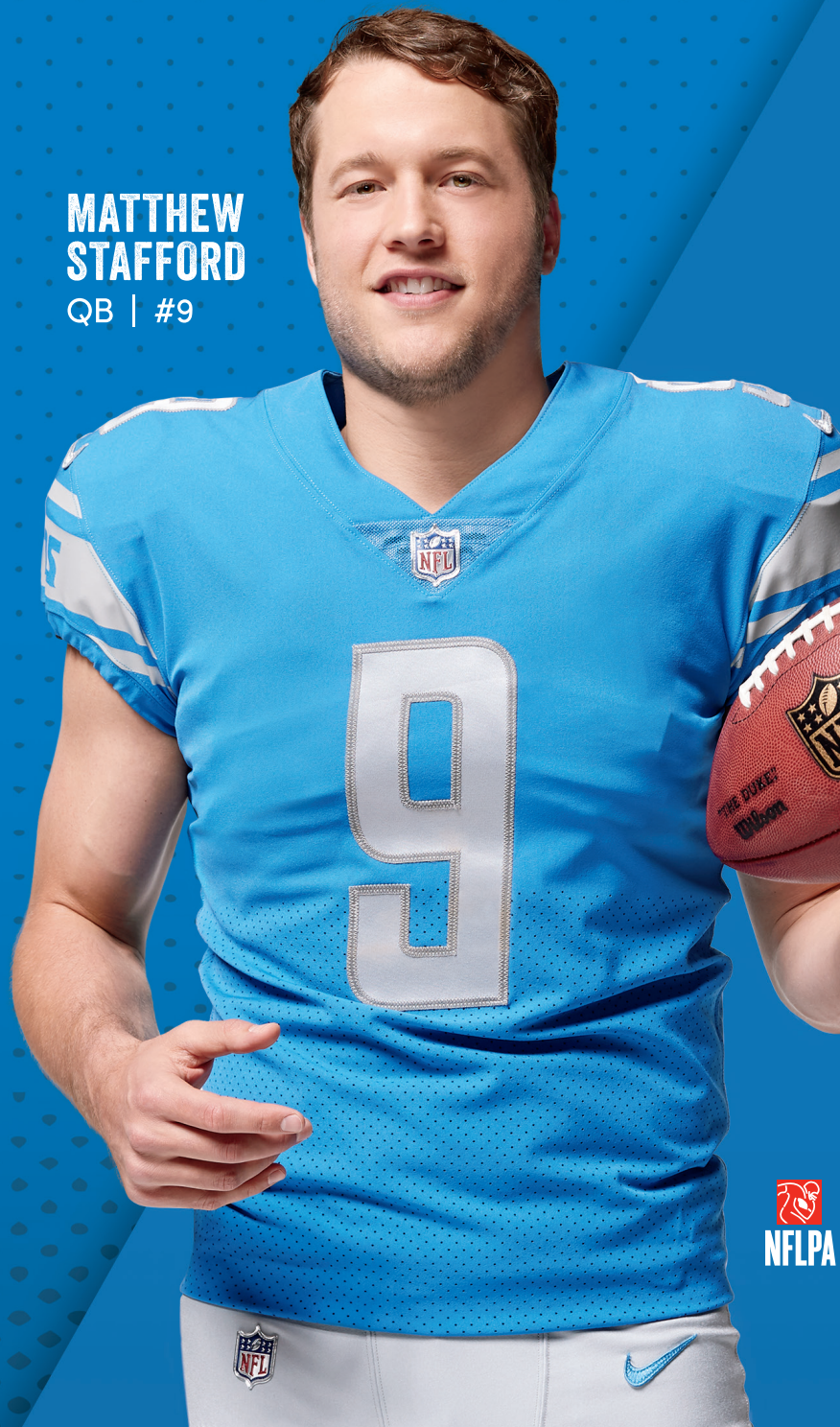
UNITED STATES POSTAL SERVICE®			Statement of Ownership, Management, and Circulation (Requester Publications Only)		
1. Publication Title AFPD Bottom Line	2. Publication Number 0894-3567	3. Filing Date			
4. Issue Frequency Monthly	5. Number of Issues Published Annually 12	6. Annual Subscription Price (if any) \$0.00			
7. Complete Mailing Address of Known Office of Publication (Not printer) (Street, city, county, state, and ZIP+4®) 5779 West Maple Road West Bloomfield, MI 48322			Contact Person Audrey Arabo Telephone (include area code) (248) 671-9600		
8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer) 5779 West Maple Road West Bloomfield, MI 48322					
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)					
Publisher (Name and complete mailing address) AFPD "The Voice of Independent Retailers" 5779 West Maple Road, West Bloomfield, MI 48322					
Editor (Name and complete mailing address) Edward Weglarz 5779 West Maple Road, West Bloomfield, MI 48322					
Managing Editor (Name and complete mailing address)					
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Associated Food & Petroleum Dealers, Inc.		5779 West Maple Road West Bloomfield, MI 48322			
11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages, or Other Securities. If none, check box. <input checked="" type="checkbox"/> None					
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13. Publication Title AFPD Bottom Line		14. Issue Date for Circulation Data Below Oct. 2016 - Sept. 2017	
15. Extent and Nature of Circulation Membership Magazine: News from food, beverage & petroleum industries		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)		2016	1709
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i. Percent Paid and/or Requested Circulation (15c divided by 15f times 100)		0%	0%
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