

BottomLine



THE VOICE OF INDEPENDENT RETAILERS // VOL. 28, NO. 5 // MAY 2017

The Need to Consolidate & Collaborate

The industry is not just evolving,
it's melding together.

pg

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BottomLine



THE VOICE OF INDEPENDENT RETAILERS
VOL. 28, NO. 5 // MAY 2017

features



AFPD CORNER //

AFPD'S FIGHT AGAINST EFFORTS TO END 'HALF-MILE RULE'

AFPD filed a lawsuit on Wednesday, March 22nd, in the Court of Claims asserting that the Liquor Control Commission (LCC) violated the Administrative Procedures Act. AFPD stated a violation occurred when the LCC 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 with the Department of State.



COVER STORY //

THE NEED TO CONSOLIDATE & COLLABORATE

It's an association that has gone through many changes over the years. It all started in 1910 as the Meat Cutters Association. Today, the Associated Food and Petroleum Dealers (AFPD) represents thousands of members from various aspects of the industry. Members may know the history, but all may not fully understand the evolution.



FRESH DEPARTMENTS CONTINUE TO DOMINATE GROCERS' DIFFERENTIATION STRATEGIES

Is fresh overrated?

Well, no. Although nonperishable products have definitely gained traction as part of a distinctive in-store experience, to differentiate themselves meaningfully, grocers must still primarily think fresh.



president's message

AUDAY P. ARABO, ESQ. // AFPD PRESIDENT & CEO

Take Control of Your Future

Change does not wait on anybody! The world rotates around sun, the days turn into nights, your toddler becomes a high school graduate and you sit back and wonder, 'where did the time go'?

Every day the world changes in some way and thus so does our industry. Unfortunately, we have many folks in the industry that reminisce about how things used to be in the industry and how they used to run their business. While some dwell on the past, those who look into the future are the ones who are getting ahead and creating their own niches in the industry. Our industry is competitive and that is not changing any time soon. Either you double down and have a passion for your trade or you need to get out before you get hurt financially.

AFPD for over a hundred years has been protecting and representing the industry, but we cannot safeguard your business if you do not keep your eye on the prize, if you do not reinvest into your business, if you do not keep in tune with the trends. Do you attend tradeshow and see what the world has to offer? You simply cannot run your business today like you did ten or twenty years ago and then blame AFPD for not keeping the world still!

In Michigan, for instance, if AFPD was not on the watch, liquor licensees would not have a minimum markup, they would not have FREE weekly deliveries; while they would have spilt-case fees and quantity discounts; they would not have the half mile rule. Those are just a few items to name off the top of my head. What is that worth to you?

At the same time, consolidation will continue to occur at all levels; suppliers, distributors and even retail. Where you end up will be dependent on where you want to be. Yes, this depends on you and your vision or lack thereof. AFPD has never been the magic bullet to your success, but we are a great support system and resource. We have changed over the past century with the industry because some forces are larger and greater than any one group. We are always looking for big and little ways to help our members, but at the end of the day, you must decide how to use AFPD and our resources.

AFPD is not going anywhere and we do not back away from any fight as long as it is for the best interests of our members. I welcome the people who complain to become AFPD members and bring their comments underneath the tent, so we can deal with them in a professional and up front manner, but if they don't; AFPD will keep grinding and rolling along.

We have a wonderful team who are here to serve you. We are very sad to lose one of our best assets, Dan Papineau, our Director of Government Relations who left us for an amazing job at the Michigan Chamber of Commerce heading their tax policy. We are doing our best to fill Dan's position and will keep on moving forward to ensure our members' interests are always at the table in Michigan, Ohio and Illinois. We are here to serve you, so please use us as a resource. Our reach is long and wide and we will do all we can to help you. Don't be a stranger! God Bless. ■

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MICHIGAN //

AFPD's Fight Against Efforts to End 'Half-Mile Rule'

■ BY KRIS HARRIS // DENHA MEDIA & COMMUNICATIONS

AFPD filed a lawsuit on Wednesday, March 22nd, in the Court of Claims asserting that the Liquor Control Commission (LCC) violated the Administrative Procedures Act. AFPD stated a violation occurred when the LCC 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 with the Department of State.

The LCC proposed to eliminate the half-mile rule, which has been around since 1979. The rule prohibits off-premise retailers, who sell liquor, from obtaining a permit unless they are located at least a half-mile from a similarly permitted retailer. This rule not only offers licensed retailers of liquor security, from an already over saturated market, it also protects communities from having four liquor retailers on every busy corner in the State of Michigan.

Typically, it takes months or even years for a rule to move through the process. However, the MLCC decided to circumvent hearing from the general public, or even the licensees it governs, and pushed to rescind the rule under the darkness of night, so it could take effect immediately.

That's when AFPD stepped in and filed the lawsuit. "The lawsuit explained that the mere rescinding of the rule does not violate the law," said Auday Arabo, President and CEO of the AFPD. "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."

The very next week, on March 30th, just 8 days after the AFPD filed suit, MLCC Chairman, Andrew Deloney, withdrew his formal request to eliminate the half-mile rule. "It must have become clear to the State that the MLCC acted inappropriately and was bound to lose the lawsuit," said Arabo. "To consciously decide to wrongfully eliminate the rule through an expedited process that allows for no transparency, no opportunity for the public to weigh in, and circumventing legislative oversight, are actions more closely aligned with a dictatorship than a democracy."

The idea behind rescinding the half-mile rule stemmed from the idea the liquor industry should be a free market in the state. "As a retailer and a State Representative, the way they rushed through the rule the first time was unfair," said Joe Bellino Jr.,

State Representative and owner of Broadway Market in Monroe, MI. "I understand that Chairman Deloney thinks that we should make liquor a total-free market, but it isn't, and can't be a total-free market for a few reasons. It's not a free market when we have two people that deliver to us, on a certain day and you have call in on a certain hour, or you don't get your delivery. That's not a free market, it's all regulated, and this is one of the most regulated products in Michigan."

Although the formal request was withdrawn, the fight is not over yet. On Tuesday, April 11th, the MLCC started the process of changing the half-mile rule, through the proper steps and procedures. "They withdrew their request for rule making, so the half-mile rule is back on the books," said Dan Papineau, Director of Government Relations for the AFPD. "But yesterday, at the Liquor Commission Control meeting, the commission made a motion to begin the normal process for rule making. The last time, they went through the expedited route, and got their hands-slapped with a lawsuit, and now they are moving forward with the traditional manner. So now is day one for maybe a year, or potentially even longer, process."

The traditional manner will not only take much longer, it will be an open process and will require much more transparency. "They've started the rules process and now have to submit language and get approval from LARA (The Department of Licensing and Regulatory Affairs)," explained Papineau. "They have to have public meetings, solicit feedback from the industry, and they have to operate under legislative oversight now. This process is huge and takes a long time."

Bellino has already started his own process to make sure the half-mile rule stays on the book, and stays on it for good. "As a legislator and as a liquor store owner, I'm going to support a bill that will codify the half-mile," Bellino said. "I want to make it a law, instead of leaving it willy-nilly to the appointed people from the state. It's a tough market and there's a lot more liquor licenses out there than there should be, especially in certain areas where there is less population now, than there was before."

AFPD is resolved to stay on top of this issue and to fight it no matter how long the process may take. "If we don't continue to 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."

During this process, AFPD will keep members updated on how your voice can be heard and how you can get involved to help support the fight. Even though first steps are being taken in Lansing, rest assured that AFPD will be there every step of the way. "Retailers can write or call their legislator on how they feel," said Bellino. "Members can give to the AFPD PAC, so we can get our word out to legislators and get our influence out there because that helps us in the long-run. We're fighting an uphill battle, so contact your legislator, give to our PAC, come to our meetings, and get involved to help make us stronger in our fight." ■



It's a Return Home at AFPD's 33rd Annual Buying Show

■ BY KRIS HARRIS // DENHA MEDIA & COMMUNICATIONS

The 33rd Annual Innovations Buying Show, AFPD's longest running trade show, was held on Wednesday, April 5th. The six-hour show was a bit of a homecoming as it returned to the Suburban Collection Showplace in Novi, MI. "It's great to be back home," said Auday Arabo, AFPD President and CEO. "The ownership here at Suburban Showplace, with Blair Bowman and the entire team, were really professional and everything was smooth sailing. We want to make sure this remains our home for the near future. It's just such a big venue, you can kind-of get lost in it, even though we have 140 exhibitor booths."

The event had a different feel to it, as the Suburban Showplace provides a lot more room for vendors and retailers to interact and move about the show floor. "The booths are bigger, the lighting is greater, and the aisles are wider," said Amy Repp, customer development account manager with Nestle. "It feels like we have a bigger turnout because we can fit more people here, which is obviously the benefit for the store owners to come out, because they have so many more people that they can visit."

With the rows and rows of products and services, AFPD members placed orders and filled their shelves for the summer months ahead. "New for us is Shasta beverage, a soda-flavored sparkling water, that has no sodium, no sugar, no nothing," said Amber Engel, district sales manager at Faygo. "They are similar to our La Croix brand, but the La Croix is more fruit-based, where these are more soda flavored. We have an AFPD show special going, where if you buy four cases, you get two cases free."

Special deals and one-time offerings were available throughout the show. "Members can take advantage of the 5-10% rebate program that we have with AFPD," said Chris Toma, President of Operations at Socks Galore. "We also do show specials, during the show, that are one-day only."

The center piece of the show was the middle aisle, that featured a long row of Benchmark Beverage Company products. "As you take a look, from end to end, at the explosion of SKU's that we have represented, it's absolutely mandatory that we get a chance to show them off like this," said Fred Hatty, Regional Brand Manager with Benchmark Beverage Company. "Tasting is absolutely vital. When you have quality products, the more you can pour, the better off you'll be."

The Benchmark booth was much larger, and showcased many more spirits than the booth at last Fall's Holiday Food & Beverage Buying show. "We have more than 400 SKU's at the show," said Hatty. "We were probably about half of that back in September."

The success of AFPD's 33rd Annual Innovations Buying Show is really in the opportunity it provides for retailers to interact with other members, and to see the latest products the industry has to offer. "These shows are so important," said Arabo. "There are special deals at these shows, and there are special relationships at these shows. There is so much that you need to do, to really network, and to get outside of the four walls of your store to see what others are doing. So, attending shows, whether it's an AFPD show or any other show, like Lipari or Sherwood, is a must."

For vendors, the show provides a direct connection with the independent retailer in one location. "Especially in a market like Detroit, that is very heavily independents driven, it's a very big piece of our business," explained Repp. "So, without an AFPD, it makes it so much more difficult, to get around to all the independents, and they are a crucial part of our business." ■



ASK THE MEMBER //

What Interests You the Most About the AFPD Tradeshow?

"A customer like AFPD has an amazing reach to the independent market, which for a large company, like Nestle, is a tremendous advantage. When we can come together, at an AFPD show, it really works out well for both our customers and it also helps us as well."

AMY REPP // NESTLE, CROSWELL, MI

"To be able to show customers different items and new items that they can make 50-60% margins on. Retailers can take advantage of our one-day specials that are only available during the show. We just added a brand name underwear clothing line, which is great for grocery stores that want to compete with the dollar stores."

CHRIS TOMA // SOCK GALORE, OAK PARK, MI

"It lets us reach out beyond our regular customer base, because people come from far and wide for this show. So, it's really nice to be able to talk to some of the customers and show them some of the products that they may not have been exposed to in the past."

AMBER ENGEL // FAYGO, DETROIT, MI

"The best thing about being here is the leads we get from all the members that come here, that we don't currently serve. It's nice to be able to introduce yourself with a card, show them some of the products and if it peaks their interest, they can ask you to come out to the store to show you more."

MARK BENEDICT // PRAIRIE FARMS DAIRY CO., OAK PARK, MI

"The interaction with the other vendors, and really, just seeing what's new out there. It's about relationships, so there is a lot that you can gain from it. The show allows you to get to know your customers more so on a personal level, one on one, and lets them take advantage of the food show offers."

MATTHEW HESANO // D&B GROCERS, WESTLAND, MI

"We came to this show because of the access of the new legislation that just went through on growlers and growler filling stations. We are letting AFPD members know that they have access to a factory, right in Bay City, MI, where they can get their growlers custom imprinted."

RICHARD BUDD // PRESTIGE GLASSWARE, BAY CITY, MI

"Just being able to interact with the customers and see if we can help them out. We like to actually see if there is anything that they need, that we're not giving them. We like to get that type of feedback and find out if they are happy with what they are getting."

TAMY YOUNKER // CONIFER INSURANCE, BIRMINGHAM, MI

"We just love interacting with all of our customers and just seeing them, in general. We like to ask them for any feedback and if they are satisfied with the service. It's definitely nice to have ability to see everyone in one spot, and to see the fellow members here, it's very convenient."

JACOB ABBO // U.S. ICE, DETROIT, MI





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The Magazine of The Greater Detroit Food Market

AUGUST, 1967



Ruins of the Big Dipper Super Market on Brush Street.

The Ugly Morning After

Out of the shambles of the rioting and civil disturbances came disbelief, despair, disgust and dejection, especially for many businessmen who were awakened in mid-July to learn that armored tanks were cruising down Motor City streets and that their establishments were demolished. The ugly morning after

(Continued on Page 3)



The Morning After

(Continued from Cover)

the civil disobedience ended, the Associated Food Dealers learned that Detroit's food and beverage stores had dwindled in number by some 450.

Then came the job of cleaning up and estimating the destruction. After the five days of disarray and disorganization which began on a hot July 23 day, the final count was taken of burned, looted, damaged and ruined businesses. Thirty million dollars worth of destruction had been inflicted to buildings, store equipment and inventory, not counting the additional \$7 million lost due to business interruption losses for the five days of rioting alone, nor the loss of sales of those stores which will never again re-open.

Individual and industry-wide meetings were held in conjunction with the Mayor's office, Governor's office, the Small Business Administration, and the Michigan Insurance Commission, in an effort to seek ways to assist businessmen in re-opening their stores, or acquiring sufficient loans to rebuild their stores.

The big question in the minds of people was: Would the riot-torn retailers relocate in the core city? In interviews with many of the retailers, about a quarter of them said they would either get out of business or relocate to the suburbs. The remaining retailers felt that if they would be able to acquire insurance coverage and adequate police protection, they would relocate in their old establishments.

Although Gov. Romney asked for a voluntary 90-day moratorium concerning cancelled insurance policies, some insurance companies ignored the plea. This brought an uncertain cloud over the possibility of retailers relocating in the riot-hit areas.

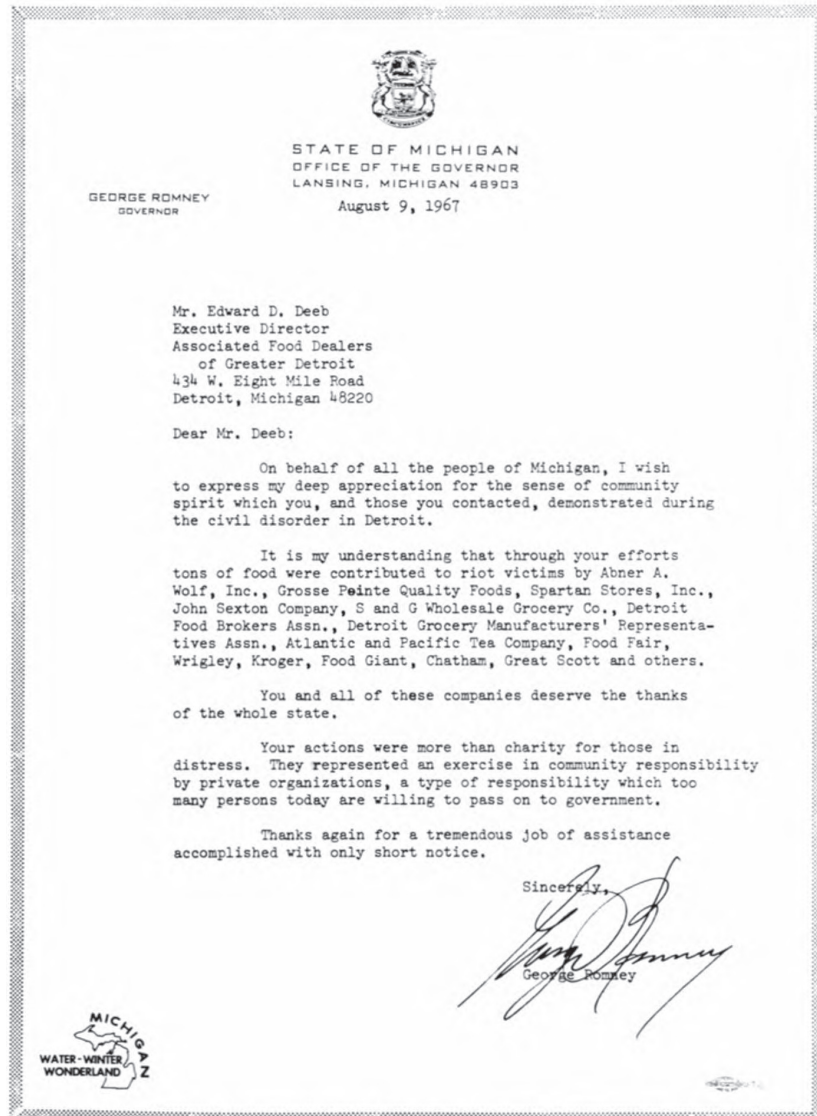
One group of about 30 retailers, including a few grocers, investigated the possibility of suing the City of Detroit for damages incurred. They had sought the counsel of a group of attorneys to look into the matter.

And so the story goes. It was a bleak and frustrating week for store owners and the entire citizenry for that matter. One can only hope that conditions will improve so that we will never see an outbreak like that in the Motor City again.



The skeletal remains of what once was a busy, high volume independent Parker Super Market on Grand River.

The August 1967 cover story from the AFPD magazine, formerly known as *The Food Dealer*.





Hate to Leave AFPD

On May 5th AFPD is losing a valued member of our team. Dan Papineau, Director of Government Relations since January of 2016 is moving on to a new position at the Michigan Chamber of Commerce.

“I have enjoyed working at AFPD immensely”, said Papineau. “If I could have I would have represented AFPD members for decades, but sometimes other opportunities come before you and while it is difficult to move on you must”.

Dan Papineau came to AFPD after working for State Senator Jack Brandenburg for 5 years. In the Senate Dan was the lead staff member for issues dealing with taxation. In his new role at the Chamber of Commerce he will be the lead lobbyist on tax issues. After branching out into alcohol regulations, food safety, and a diverse set of other issue areas at AFPD, Dan will be returning to his roots per se in tax policy.

“My time at AFPD made me a more rounded professional. Working closely with members on a myriad of different issues always kept things interesting. One day it could be a liquor license issue and the next could be a SNAP issue. It was a challenge, but also very rewarding”, Papineau said.

While Dan was with the Association for a short period of time his impact on the Association was strong. Some of the accomplishments he engaged in on behalf of the association were:

- Implementing a cap on SDM licenses
- Allowing off-premise licensees the ability to sell and fill growlers
- Giving retailers the ability to ship wine from their stores to customers through common carriers like UPS and FedEx
- Cracked down on illegal wine sales from out of state to ensure those purchases took place in Michigan stores
- Enacted legislation allowing retailers to deliver beer, wine, and spirits to customers themselves or through an online ordering application accessible through a cell phone or computer
- Preempted local units of government from regulating or taxing the use of plastic retail shopping bags



- Dramatically decreased deductibles for underground storage tank insurance purchased through the state's Underground Storage Tank Authority
- Worked to increase SNAP dollars that flow through member stores

In addition to specific legislative undertakings, Dan increased the presence of the Association in Lansing.

“It is vitally important that our members have a presence in Lansing. I know I might sound like a broken record, but if you are not at the table you are on the menu”, Papineau said. “AFPD is the premier grocery, convenience and fuel retail association in Lansing. If AFPD is not engaged, then no one is engaged on the industry's behalf”.

While there is no good time to lose a valued staff member, Dan's departure comes at the height of our battle to codify the half mile rule. It is clear Dan laid the ground work, but the Association now looks for someone to pick up the ball and carry it across the finish line.

“I've worked with Auday on how to continue to be successful in the short term and how to continue to be successful in the long run. The Association's interests are not at jeopardy; I am 100% confident in that,”.

When asked if he had any final thoughts Dan said:

“My time at AFPD has been incredibly rewarding. The members, the staff, the issues have all been great, but most of all working with Auday and Ed has been a true blessing. While all the staff work hard for members Auday literally lives and breathes this association. I've never worked for or with a more hard working and selfless boss or colleague”. ■



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Sponsoring this event will truly make a difference in the lives of these students, and together we work to enhance our next generation of leaders.

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WWW.AFPDONLINE.ORG OR CALL
LISA DENHA AT (800) 666-6233.



tobacco news & views

EDWARD WEGLARZ // AFPD DIRECTOR, PETROLEUM

UPDATE: Tobacco 21 Law

Across the country many municipalities and states have passed laws raising the legal smoking age to 21. Raising the minimum age to 21 to purchase and/or use tobacco products is a promising strategy to reduce smoking and other tobacco use among youth. California and Hawaii have both passed laws prohibiting the sale of tobacco to those under 21, along with 200 other cities across the nation following suit, all citing health risks as a major reason.

Raising the legal smoking age is rapidly gaining momentum in Michigan as well. Recently, the City of Ann Arbor and Genesee County have enacted ordinances prohibiting the sale of tobacco to persons under 21 years of age in their jurisdictions. Supporters insist that the measure will make it harder for teens to get cigarettes, help prevent early tobacco addiction and save lives. However, Michigan law states the legal age to purchase and/or use tobacco products is 18 years of age. On February 2, 2017, Attorney General Bill Schuette issued a legal opinion regarding a potential conflict that exists between state law and

local Tobacco 21 ordinances. Specifically, the Attorney General opined that "the ordinance directly conflicts with state law by barring the sale or furnishing of tobacco products to 18 to 20 year olds because the Age of Majority Act prohibits treating these young adults differently from persons 21 years and older with respect to their legal capacity to purchase tobacco products." See the Age of Majority Act, 1071 PA 79, MCL 722.51 et seq.

Despite this legal opinion that state law preempts the local ordinance, the local Tobacco 21 ordinances in both Genesee and Ann Arbor remain in place. Therefore enforcement actions under the local Tobacco 21 laws remain uncertain. The Tobacco retailers located in jurisdictions with local Tobacco 21 laws should contact the local enforcement agency with any questions about compliance with the local law. In Ann Arbor, please contact Chief of Police Jim Baird at 734-794-6920, and in Genesee County, call 810-257-3194.

Meanwhile, retailers located in other areas of the state where Tobacco 21 ordinances are not in effect should continue to do their part, in support of federal and state law, by checking identification to ensure they don't sell tobacco products to anyone younger than 18 years of age. ■

Source: 2017 Op. Att'y Gen. No. 7294



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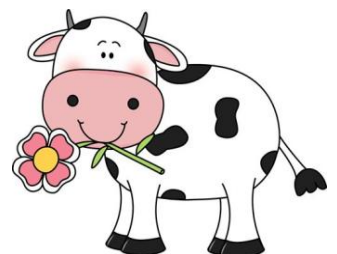
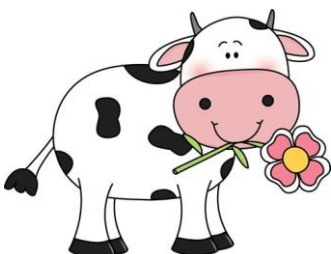
Lemon
512153



Orange Pineapple
506153



Grape
511153





michigan lobbyist report

DAN PAPINEAU // AFPD DIRECTOR, GOVERNMENT RELATIONS

Duggan Seeks AFPD PAC Endorsement

Detroit Mayor Mike Duggan made a special appearance in front of AFPD's Board of Directors on April 18th. Mayor Duggan is seeking reelection and is hopeful in getting the endorsement of AFPD.

Between retailers and vendors, the association has between 450 and 500 members doing business in the City of Detroit. The City has never been an easy place to do business and just recently new challenges popped up causing major headaches for members. The Mayor came in to address these recent challenges.

One challenge discussed was the extreme difficulty businesses have in getting licenses. Not being able to get a hold of anyone, no one showing up for inspections, and constant confusion over payment and nonpayment are some of the problems owners face with respect to licensing. The Mayor said this was unacceptable and said the best way to handle this type of situation is by reaching out to the district manager assigned to the area a business is located. The Mayor formed the Department of Neighborhoods soon after he was elected to be a liaison of sorts to assist members of the community, including businesses, in navigating through City bureaucracy. A lot of inefficiencies and problems have been discovered by district managers prompting changes to make systems more efficient.

Another complaint brought to the Mayor was police response time. Several examples of slow response time after break ins were brought forward. While average response times have increased the Mayor recognized that response time is still not good enough. He asked that specific examples be looked into. The Mayor also said that some dispatchers have been relieved of duty based on mishandling of emergency calls.

A third topic that was covered was drainage charges. The Mayor gave an explanation of how this came about and things he was doing to change the current drainage charges.

The last topic that was discussed before the Mayor departed was regarding the massive increases in comprehensive and time consuming audits. Small businesses are getting hit with audits that are painstaking and expensive to comply with. The Mayor wants AFPD to be a partner in exploring better ways to audit taxpayers. He asked that we work with the new City Treasurer directly on this issue.

While there are some frustrations from members doing business in Detroit, I do not think anyone can deny how far the City has come under Mayor Duggan's tenure. The revitalization can be seen clearly. Duggan has been a breath of fresh air in the City and is still fighting the problems of the past.

To find out more about AFPD's conversation with Mayor or to discuss other City specific issues membership is facing please feel free to contact AFPD President & CEO, Auday Arabo, at aarabo@afpdonline.org. ■





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michigan lottery report

ARIC NESBITT // MICHIGAN LOTTERY COMMISSIONER

Gold Rush Instant Game Family Expected to Generate Player Interest; Boost Sales

The Michigan Lottery's instant game portfolio has performed at an unprecedented level for the last two years. In 2015, Lottery instant game sales eclipsed \$1 billion for the first time ever with double-digit growth. Sales growth continued in 2016 with instant game sales increasing about 10% to \$1.1 billion.

The momentum for instant games has carried forward into 2017, with sales for the first half of the fiscal year increasing about 12% compared to the same period in 2016. To help maintain player interest and continue that sales momentum, the

Lottery is launching a new family of "Gold Rush" instant games.

The "Gold Rush" instant games launch May 2. Players may choose from a variety of price points: \$1, \$2, \$5, and \$10. They also offer players a range of top prizes. The games are:

- **\$5,000 Gold Rush** – A \$1 ticket with top prizes of \$5,000, and more than \$5 million in total prizes.
- **\$50,000 Gold Rush** – A \$2 ticket with top prizes of \$50,000, and more than \$36 million in total prizes.
- **\$500,000 Gold Rush** – A \$5 ticket with top prizes of \$500,000, and more than \$43 million in total prizes.
- **\$1,000,000 Gold Rush** – A \$10 ticket with top prizes of \$1 million, and more than \$67 million in total prizes.

We expect the wide range of price points and prizes will make the "Gold Rush" family of games attractive to a large number of players and build on the already strong interest in instant games.

PULL TAB TICKETS // INSTANT TICKETS

NEW PULL TABS TICKETS:

On sale May 2nd:

- MI 593 – Hit \$50 50¢
- MI 591 – Lucky 7's \$1

PULL TABS GAMES SET TO EXPIRE:

Expiring May 15th:

- IT 858 – Cash Club \$1
- IT 859 – Pub Crawl \$1
- IT 860 – Red Hot 7's \$2
- MI 539 – \$10 Grand Cash \$1
- MI 549 – Pub Cash \$1
- MI 556 – Casino Cash \$2
- MI 565 – Detroit Red Wings \$2

Expiring June 12th:

- MI 539 – \$10 Grand Cash \$2
- MI 549 – Pub Cash 50¢
- MI 556 – Casino Cash \$1
- MI 565 – Detroit Red Wings \$1

NEW INSTANT TICKETS:

On sale May 2nd:

- IG 224 \$5,000 Gold Rush \$1
- IG 225 \$50,000 Gold Rush \$2
- IG 226 \$500,000 Gold Rush \$5
- IG 227 \$1,000,000 Gold Rush \$10

INSTANT GAMES SET TO EXPIRE:

Expiring May 1st:

- IG 717 – Platinum, Gold, Silver 7's \$5
- IG 729 – \$500 Grand Cashword \$10
- IG 732 – 100X The Cash \$20
- IG 733 – Wild 10's \$2
- IG 730 – \$30 Grand Cashword \$2

Expiring June 5th:

- IG 719 – 2 for \$1 \$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.

HOME RUN RICHES 50/50 RAFFLE TICKETS ON SALE NOW

The Michigan Lottery has teamed up with Major League Baseball® and the Detroit Tigers™ for the Home Run Riches 50/50 raffle that will have Lottery players swinging for the fences this spring!

Players may purchase a single play for \$5 each, five plays for \$20, 15 plays for \$50, or 40 plays for \$100. Tickets for the raffle will be sold until May 17th. The jackpot drawing for Home Run Riches will take place on May 18th.

Each ticket for the 50/50 raffle offers a chance to win a jackpot that grows with every ticket sold.

Each bonus drawing will award one World Series® trip for two, and one Detroit Tigers 2018 season ticket package for two. Players automatically are entered in the bonus drawings when they purchase their tickets. Players will be eligible for all bonus drawings after they purchase their Home Run Riches tickets, so the earlier they buy, the more chances they have to win. Players who win the bonus drawings still will be eligible for the jackpot drawing. ■

STRIKE IT RICH!



Did you know that Instant Games families account for nearly 30% of all instant games sales? It's clear that players love these fun and exciting series, and play them often.

So get ready for players to make a mad dash for the next Instant Games family - **Gold Rush** - launching May 2. Gold Rush features four dazzling tickets with over \$150 million in total cash prizes and the chance to win up to \$1,000,000 instantly.

And over \$15 million in retailer commissions will have you going for the gold, too!



"Family games like the Gold Rush series are always a big hit with my players. There's a prize and price point for everyone. The four facings always capture players' attention."

– Mandeep Singh, Von's Market, Lansing, MI



WIN UP TO \$1,000,000 INSTANTLY!



Overall odds of winning \$5,000 Gold Rush: 1 in 4.73. Overall odds of winning \$50,000 Gold Rush: 1 in 4.60. Overall odds of winning \$500,000 Gold Rush: 1 in 4.11. Overall odds of winning \$1,000,000 Gold Rush: 1 in 3.77. Knowing your limits is always the best bet. Call the Michigan Problem Gambling Helpline for confidential help at 1-800-270-7117.





ohio lobbyist report

TERRY FLEMING // TC FLEMING & ASSOCIATES

Governor Kasich's Proposed Two-Year Budget

It's been a very busy April for AFPD as we have addressed a number of subjects on behalf of Ohio members. With the General Assembly working on Ohio's two year budget they're opportunities and challenges for businesses as the Ohio House goes through some 2,000 amendments to Governor Kasich's proposed two-year budget.

TAXES

The Governor proposed to increase taxes on all alcohol and tobacco products and he also, again, proposed a severance tax increase on oil and gas extraction. He also asked for sales tax increase. AFPD, working with a large coalition, appears to be successful in having all tax increases removed from the bill, even though the State is facing an \$800 million-dollar shortfall, which will require large cuts in state government. If this is the case, and we believe it will be, then the Senate will next have an opportunity to put their stamp on the legislation. So, the battle will not end until final passage of the budget. AFPD will continue to work with others to oppose these tax increases.

LOTTERY

Representative Anne Gonzales has asked for two amendments to be included in the budget bill regarding the Lottery Commission. The first would require the Lottery Commission to implement a program similar to Michigan's that would provide incentives for lottery agents to increase sales and be rewarded with an increase in commission. The second, at the request of the Lottery Commission, would allow Debit Card use at lottery machines; they also wanted a cashless system which AFPD opposed, pointing out that the credit card fee would cut into already slim profits. If not included in the budget bill Representative Gonzales is determined to introduce a separate bill to obtain same results.



LIQUOR

AFPD continues to work with Senator Lou Terhar and Representatives Bill Seitz and Bill Blessing to increase the number of liquor permits issued in Ohio and to make the Liquor Commission semi-private. At AFPD's urging, a meeting is being set up with the Liquor Commission, Jobs Ohio (which gets most of its funding from liquor profits), AFPD and the legislators involved. We will keep working on this and keep membership informed of progress.

FUEL

After 10 years of requiring a boutique fuel for summertime use in the Cincinnati-Dayton corridor, a 7.8 RVP fuel, the Ohio EPA announced that the area was now in attainment, thanks to unending work by Ohio EPA with support of service station groups; including AFPD, and that the field will no longer be required, saving motorists as much as .12 cents a gallon in the summertime and leveling the playing field for all service stations in the area. At the invitation of Ohio EPA, AFPD attended a news conference in Cincinnati to formally announce this news.

As you can see AFPD membership has its benefits and we continue to urge current members to make sure and renew and also encourage others to join. ■



Keeping Your Community Safe – Preventing Underage Drinking

Spring is a time when many young Ohioans celebrate momentous events such as prom and graduation. Unfortunately, these celebrations can turn into tragedies when they're combined with alcoholic beverages. These tragedies can have life-long effects on teens, their families, and their communities. Taking steps to stop the sale of alcoholic beverage to underage consumers can help keep teens and communities safe, sound and secure.

Permit holders and Contract Liquor Agencies are among the best lines of defense in preventing underage drinking, and they have a responsibility to ensure they aren't selling to or serving underage consumers. One of the best ways to prevent underage sales is to thoroughly check the identification of all young people attempting to purchase alcoholic beverages. Employees should always ask for a photo ID and carefully compare it to the person seeking to make a purchase. If a photo ID can't be provided, or if it's not clear that the ID belongs to the person who presented it, it's imperative to refuse a sale.

Using an identification reader/scanner device is highly recommended. Not only is it accurate, Ohio law provides an affirmative defense that protects permit holders who use these devices and make a bona fide effort to ascertain the true age of the person buying the alcohol. This is done by checking an acceptable form of ID including a state-issued driver's license, a State of Ohio-issued identification card, a military identification card issued by the U.S. Department of Defense, or a U.S. or foreign passport.

Another way to discourage underaged sales is to post information on the premises that speak to the business' commitment to not sell to or serve underage consumers, and the dangers of underage drinking. Not only does this let underage consumers know that they will be unsuccessful if they attempt to purchase alcohol, it can help adults start conversations with teens.

In addition to the positive impact it can have on the community, preventing underage sales just makes good business sense. Selling alcoholic beverages to underage consumers can affect a business owner's bottom line due to lost sales, fines and, in the most severe circumstances, loss of the license or contract to sell alcoholic beverages.

Preventing underage sales is an important responsibility – the safety of the community and the soundness of a business relies

on it. There are many resources to help permit holders and Agencies. Some of those resources include:

"TALK: THEY HEAR YOU. TIPS FOR TALKING TO YOUR KIDS ABOUT UNDERAGE DRINKING"

This program offers in-store display materials, including free cards that provide information for parents and others to learn about the importance of communicating the dangers and problems caused by underage alcohol consumption. The cards also offer tips on the most effective ways to communicate this message and have an open dialog with teens. Visit the Division's website or www.samhsa.gov/underage-drinking for more information.

CONTRACT LIQUOR AGENCY TRAINING

The Division offers on-site training for the employees of Contract Liquor Agencies on their responsibility to comply with Ohio law, including preventing underage sales. It's available to new and existing Agency locations. To schedule training, contact the Division at (614) 644-2455.

ALCOHOL SERVER KNOWLEDGE (ASK) PROGRAM

The ASK program, offered by the Ohio Investigative Unit (OIU), is designed for liquor permit holders and their employees. Agents from the OIU provide instruction on laws pertaining to the sale and/or consumption of alcohol and tobacco. Agents also cover topics such as false identification, along with penalties for those found in violation. The program is free-of-charge. Visit www.oiu.ohio.gov/ask.stm for more information.

START TALKING!

This program, launched by Governor John R. Kasich and First Lady Karen W. Kasich, aims to prevent drug use among children by offering parents, guardians, educators and community leaders the tools to start the conversation with about the importance of living healthy, drug-free lives, including abstaining from alcohol. The Start Talking! Initiative is predicated on national research that suggests young people whose parents talk to them about the dangers of drugs are 50 percent less likely to ever use alcohol and other drugs than kids who do not have these critical conversations with a trusted adult. Visit starttalking.ohio.gov for more information.

More information about these programs as well as additional resources is available on the Division's website – www.com.state.oh.us/liqr. Some of these programs are made possible by grants from the National Alcohol Beverage Control Association (NABCA).

Education and awareness are keys to running any successful business and also to fulfilling your social responsibilities as a permit holder, liquor agent and good corporate citizen. Thank you in advance for your continuing efforts to help prevent alcohol sales and consumption by underage individuals, and helping to make this season a safe one for all. ■



illinois lobbyist report

STEPHEN S. MORRILL // MORRILL & ASSOCIATES, PC

Illinois Update as General Assembly Hits Halfway Point In Session

The Illinois General Assembly has reached the “halfway point” of its 2017 regular spring session, marked by a two-week legislative recess that began on Monday, April 10th. With the Illinois House of Representatives scheduled to return April 24th, and the Senate returning the following day, this break is an appropriate time to review 2017 Illinois legislative dynamics, and to preview expected session outcomes as the scheduled May 31st adjournment approaches.

As has been the case throughout this and the prior two legislative sessions, the predominant focus has been the Illinois state budget (or lack thereof). Illinois is in its second year of operating without a full budget, and the Illinois General Assembly has only six weeks remaining to pass a budget before its scheduled adjournment. Earlier this year, the Illinois Senate President and Minority Leader developed a so-called “grand bargain”—a group of 13 interconnected bills to comprise a “comprehensive, bipartisan budget solution.” For a variety of reasons, efforts to negotiate final budgetary and legislative language have stalled for several weeks. As of today, six of the “grand bargain” bills have been approved by the Illinois Senate, but as all must pass in order to be considered by the House (the already-passed bills are currently being held in the Senate, on a “motion to reconsider,” to assure the bills advance only as a complete package).

Two measures within the original “grand bargain” package included a proposed sugary beverage tax and an increase in the state minimum wage (to \$15 per hour by 2020). Due to significant opposition, including that of AFPD, both proposals were removed from the package and placed in separate legislation. As of this writing, the sugary beverage tax proposal



has failed to advance; however, negotiations on increasing the state minimum wage continue.

There is an expectation that, when the Illinois General Assembly comes back from its recess, Senate President John Cullerton will declare the “grand bargain” dead in its current form, and will recommend that the Senate separately consider each individual component of the package.

Additionally, the Morrill & Associates team continues to monitor substantive legislation that would impact AFPD – including SB 1597 (Sen. Terry Link, D-Waukegan), a proposal to create the “Compostable Bags in Retail Establishments Act” and prohibit retailers in Illinois from using, providing, or selling polyethylene or other non-compostable plastic film bags that are tinted green, beginning on January 1, 2018. The bill has undergone a few iterations, all of which AFPD has remained opposed to. Though SB 1597 passed out of the Senate Environment & Conservation Committee in March, the bill has been held on the Senate floor while negotiations remain ongoing and, according to sources, little progress has been made to remove opposition.

When the General Assembly reconvenes next week, both chambers will face a Friday deadline to advance bills out of the chamber of origin (i.e., HBs out of the House, and SBs out of the Senate). From there, opposite chamber action on bills will occur. ■



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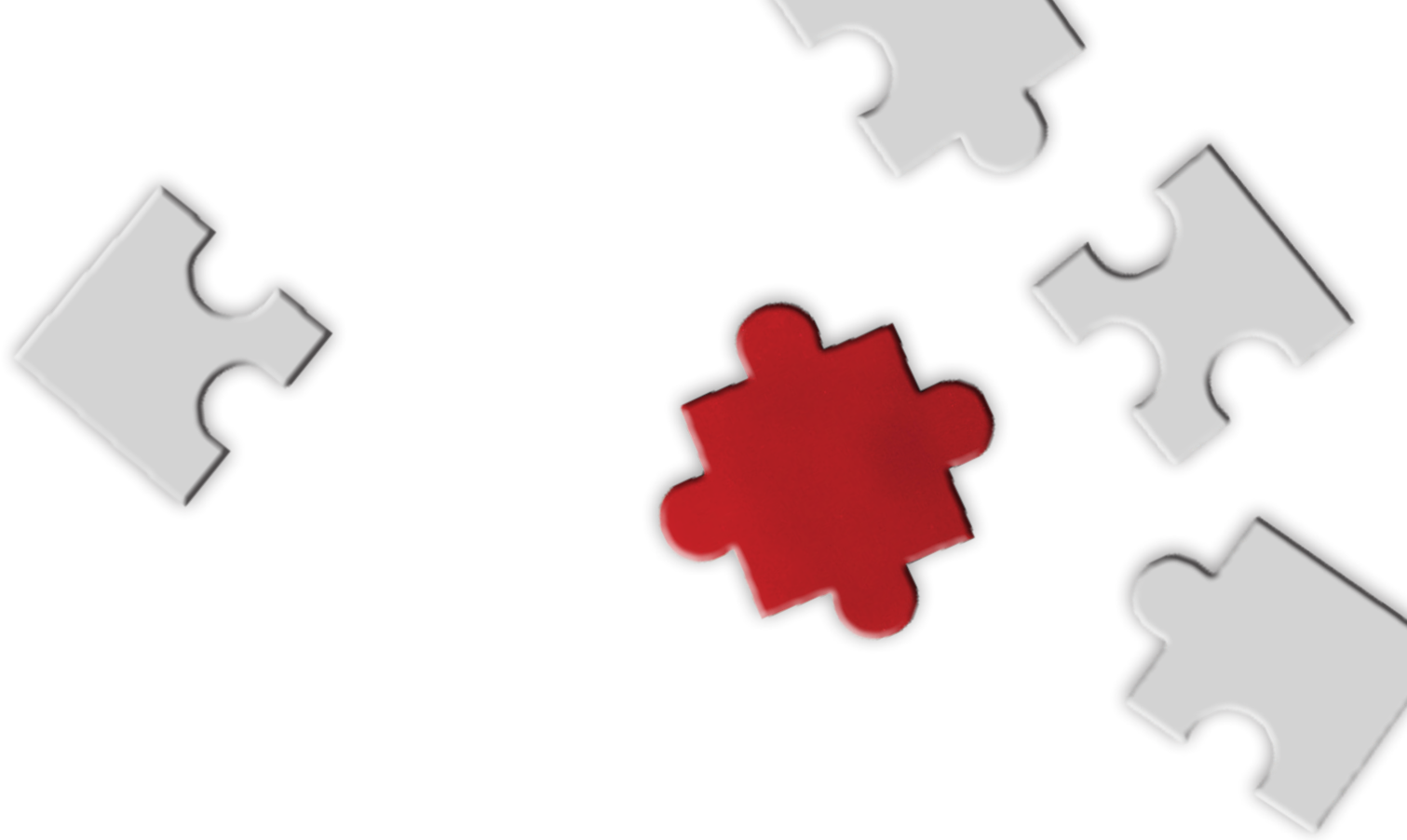
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THE NEED TO CONSOLIDATE & COLLABORATE

The industry is not just evolving, it's melding together.

It's an association that has gone through many changes over the years. It all started in 1910 as the Meat Cutters Association. Today, the Associated Food and Petroleum Dealers (AFPD) represents thousands of members from various aspects of the industry. Members may know the history, but all may not fully understand the evolution.

"We have members who see the tree, but never the forest," said Auday Arabo, President and CEO of AFPD. "Today we have supermarkets selling gas and gas stations that have added minimarkets selling food. We have convenience and liquor stores that have evolved into specialty stores."

The industry is not just evolving, it's melding together. "In today's market the word 'traditional' does not exist," said Mike Mitchell, owner of both liquor and gas station businesses. "C-stores are offering fresh food along with beer and wine and liquor. Grocery stores are selling fuel. Liquor stores are carrying more c-store items."

The consolation of the industry has become a necessity because of the evolution of the marketplace and competition. "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."

Members agree with Arabo.



“Consolidation has forced us to learn new things and to look at what we do every day,” said Mitchell. “The AFPD has been a great tool for me to learn new things and meet other people facing the same challenges.”

The association has evolved because leadership listened to the needs of the members and future members. “The AFPD has helped educate retailers who are willing to listen to the changes in our industry,” said Phil Kassa, Chairman of the Board and co-owner of family owned grocers, including Heartland Marketplace. “For example, when the chain retailers started using better technology to know their customers through card programs and phone apps, AFPD reached out to potential partners to help independents compete for that customer. AFPD is helping with the tools, but it is up to us, as retailers, to use them.”

There have been many mergers over the years and most recently AFD added the P when it merged with the Petroleum industry. “The lines among retailers has blurred,” said Ed Weglarz, Director of Petroleum. “The public is very price conscious so retailers must diversify and offer additional products and/or services to survive. As the retailers evolved, AFD needed to follow suit. When AFD and the Service Station Association (SSA) merged in 2006, gas stations were adding convenience store items and grocery stores were adding gas pumps. And, in many cases, the retailers were not aware of the responsibilities and opportunities that they were facing. Hence, it made sense for the two industries to merge and exploit each other’s resources.”

The structure of the association allows the various groups to communicate. The membership within AFPD is comprised of grocery store owners, gas stations, liquor or convenience stores and suppliers.

“We keep the disagreements and heated discussion within the tent,” said Arabo. “We solve the problems before they spread out into the industry. In order to work efficiently and effectively, everyone needs to understand the issues.”

Not all members see eye-to-eye on all issues. “While our four areas don’t always agree on everything, by working together we are a much larger force and therefore, are better able to get the attention of lawmakers,” said Jerry Crete, AFPD Board member and owner of Ideal Party Store. “We represent thousands of business owners who in-turn employ thousands of workers. 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 great programs that benefit all of us.”

Suppliers being at the table allows them to assess the industry. “We are concerned that our retailer’s margins will continue to suffer as large national accounts - with seemingly endless pockets - continue to look for ways to improve their sales and profits by adding new categories while hurting the single store retailer who is trying to survive,” said Al Chittaro, President of Faygo Beverages. “The evolution in the industry is a bigger burden to the retailers than to the suppliers.”

Suppliers are there to help add to the power in numbers. But, it’s more than just power. “Retailers have more in common with one another than distinctions, no matter the business,” said Weglarz. “Consolidating membership and trading ideas, accomplishments and failures makes everybody stronger. 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 so retailers can compete based on hours, appearance, price, and service.”

Representation under one roof gives members a bigger voice with government agencies and expand ideas. “The bigger the number, the bigger the voice,” said Kassa. “We all feed off one another, if the wholesalers we are dealing with are strong, they help the retailers be strong. If the retailers are weak, and sales go down, it sends a ripple effect to the wholesalers.”

Many of the open discussions within the association result in issues taken to the legislature. “Having all these groups under one umbrella allows for discussions internally around one civilized table,” said Dan Papineau, Director of Government Relations. “It is important to have a venue where everyone can come together to air complaints. Better to discuss problems at AFPD than in the streets and through the public. Having everyone under one group helps legislatively as well — it allows our voices to be louder.”

There are programs and new ways of selling products that vendors may want to implement, but after talking it through with another AFPD member who is a retailer, that supplier soon realizes the idea may not be in the best interest of the entire industry.

There used to be a \$250,000 threshold for gas stations who wanted to sell beer or wine. They had to maintain that amount of product if they wanted to sell the product. “If we, for instance, only represented gas stations, we



would have gotten rid of that law a long time ago,” said Arabo. “We had to consider the entire industry and try to do what is fair for everybody.”

The \$250,000 is still in effect for gas stations who want to sell liquor.

Most recently the AFPD challenged the Michigan Liquor Control Commission when they decided to get rid of the half-mile rule for liquor licenses through an expedited process with no public comment and oversight. After a lawsuit was filed by AFPD, they reversed their efforts and have since initiated the process to eliminate the rule through the traditional manner that provides for open meetings and oversight.

“If it wasn’t for AFPD taking on that fight, the MLCC would have rescinded that rule without any input from store owners or the public. It would have been unfair and unjust. A handful of members may want to do away with that rule, but majority of our members applauded us for taking action against the MLCC,” said Arabo.

“The AFPD has helped our industry in many ways including, but not limited to the legislative issues such as the half-mile rule changes, but compliance training, vendor programs and community service with scholarships and the High-Five Turkey Drive,” said Mitchell. “The AFPD is based on eight pillars of service that support the goals and ideals.”

Those eight pillars include government relations, compliance, community outreach, publications, vendor programs, events, AFPD Foundation and Benchmark Beverage Company.

Within those eight pillars, AFPD responds in real time to any topics that arise. AFPD’s ability to react quickly is because there is a constant open line of communication within the association. “Pepsi and Coke may be fierce competitors, but inside AFPD they are allies working for the greater good of the industry,” said Arabo. “We bring everyone to the table and engage them in the process.”

There are various state-wide and even national issues that will impact the industry at some level. “Term-limits in Michigan has created a situation where lawmakers are replaced every few years so once they start understanding our industry they are then term-limited out,” said Crete. “This has caused them to make changes in laws that affect our industry without understanding the ramifications of their decisions. Liquor license is a prime example. They have made changes in liquor licenses availability that has allowed for saturation of the market with licenses.”

Issues arise for the supplier side as well where AFPD’s help is needed. “AFPD has been very aggressive on preventing the expansion of the bottle bill, keeping bottled water, teas and juices from being part of the Michigan bottle bill,” said Chittaro. This has impacted suppliers like Faygo who sell bottled beverages.

Communicating ideas often results in collaboration. “By combining our collective voices, we can be heard loud and clear in the state legislatures that we operate in,” said Papineau. “Without being able to educate legislators on the consequences of the potential votes they take we could see some very detrimental policies adopted. We must ensure that everyone in the industry is able to operate on a level playing field. If we do not have a seat at the table we will undoubtedly be on the menu,” Papineau continued.

Despite some opposition regarding having suppliers as part of the association, there is great value. “The objective has been to help our retail members compete on an ongoing basis and when dealing with our legislature, making sure they are not putting unreasonable burdens on our membership,” noted Chittaro.

There are other issues on the horizon. “One thing that doesn’t get talked about enough, but I consider to be one of the greatest threats to my business, is the cost of processing credit cards,” said Crete. “This has become my second biggest expense after payroll. We are moving towards a ‘cash-less’ society. Credit card companies are charging significant amounts to cover the costs of their reward programs and make significant profits. The competitive nature of our business makes it impossible to pass on these costs and Michigan Law also restricts our ability to pass on the costs. Ten years ago, 15-20% of my business was with credit cards now it is approaching 70% and growing. This is an issue that our association needs to pay more attention to.”

“AFPD has helped by having other retailers and wholesalers in the same room fighting the same fight, whether its costly government regulations or having different ideas to enter the future,” said Kassa. “Together, God willing, we can fight the fight. Individually we will all get crushed.”

“It would take me pages to elaborate on how AFPD has helped our family business,” said Mitchell. “The key is the participation. If you are not involved or sitting on the sidelines complaining, you are doing yourself a disservice.”

There will be more on this story about consolidation in the next issue. ■



Noah's Marketplace Brings in Customers Two by Two

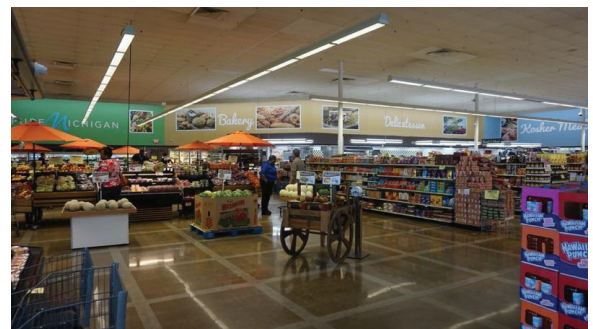
■ BY KRIS HARRIS // DENHA MEDIA & COMMUNICATIONS

Jerry Denha has been in the retail industry since the 70's. He started to work for a family owned grocery store in Detroit, before his immediate family purchased a store in the 80's. "In 1977, I started in the industry working for my uncle, Mike Denha, at his store called Foodlanes Supermarket," said Denha. "It was located at Woodward and Euclid. And then in 1982, my family took over an old Great Scott at Greenfield and Grand River."

It was 25 years later, in 2007, when Denha would open his own store. "I used to have a market in Oak Park called Farm Fresh Market," explained Denha. "We had to shut it down because of landlord issues in 2014, so I was working for a location to open a new store. That's when I found this location in Southfield."

Denha opened Noah's Marketplace, at the corner of 11 Mile and Lahser, this year, on January 15th. He wanted to make sure his new store connected with the surrounding community, so he decided to bring in specialty items not found at other stores in the area. "It's a fresh market that caters to the Middle-Eastern clientele and the Jewish clientele," Denha said. "It's a typical supermarket, but with additional groceries that cater to special markets. We bring in a lot of grocery products that you can't find anywhere else, which make us one of the biggest grocery markets in the state."

The expansion of deli area, in order to provide more fresh, prepared foods, is one of the advantages Denha sees in his store. "The prepared food that we have is more Middle-Eastern style, like shawarma, meat pies, grape leaves, kibbie, tabouli, and all the good stuff," Denha explained. "We make it all in-house, and it's not only Middle-Eastern food. We also make more traditional items, like rotisserie and fried chicken."



Since having worked in the industry for decades, Denha has seen a lot of changes over the years. Like other retailers, Denha has also seen the trend of customers eating healthier these days. "The changes include the fact that people are healthier, and they are looking for more fresh products," said Denha. "I sell more fresh products than I've ever sold before in all the years I've been in the industry."

In order to keep up with millennial shoppers, Noah's Marketplace will soon tap into those tech-savvy customers. "We are talking about offering home delivery and online shopping; we just haven't started it yet," said Denha.

Although the store has been open for months, there hasn't been an official opening with the community. That will change in the next month or so. "We are waiting for a few things to wrap up over here for our grand opening, which should be in June," Denha said. "We're going to have a ribbon cutting ceremony with the city of Southfield and events outside in the parking lot. We'll have hot dog stands, ice cream, and things like that."

One constant Denha has been able to rely on over the years is the help and support he gets from AFPD. "AFPD was always there for any changes we needed, as a grocer, vendor wise or with insurance," said Denha. "They have just been a tremendous help with whatever we need. They're out there to help us in any way they can." ■

RETAILER: NOAH'S MARKETPLACE

Location: Southfield, Michigan

Founded: 2017

Employees: 38

AFPD member since: 2017

Slogan: "Fresh & Friendly"



NEW

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Born of Frustration, U.S. Ice Now Sits on Top of Michigan's Ice Mountain

■ BY KRIS HARRIS // DENHA MEDIA & COMMUNICATIONS

When Saad Abbo first started in the retail industry, bags of ice were just one of the many items sold at his family's store. Today, he owns U.S. Ice, the largest independent ice maker in the state of

Michigan. "In 1972, we opened our first store at 6 Mile and Woodward, but had it for only a few years," said Saad Abbo, owner of U.S. Ice. "We always wanted to do something different besides just the store business, but stores were always good and we always had them in Detroit."

The family eventually opened up United Market on Livernois, just south of 8 Mile, in Detroit, and ran the stores for a few years. Then, one very hot weekend they called for an ice order, on a Thursday, and hoped to get it the next day. "Well, Friday came and there was no ice," explained Abbo. "Saturday came, and still no ice. We were calling non-stop and they kept telling us they would be here, but they never showed up until Monday afternoon. So, we lost a lot of business."

It ended up being a very long weekend for them, and a weekend full of frustration. "When customers come into the store, they want to buy a bag of chips, pop, bread, hot dogs, and ice," Abbo said. "But if there's one product you don't have, he'll drop everything and walk out. My father, Foad, was so mad about the whole thing, he said, 'the heck with them, we're going to open up our own ice company.'"

It was Foad's determination to open his own ice company that put things in motion. "We checked around and started with a small 5-ton machine," said Abbo. "Me and my brother, Hadir, would bag the ice and drive deliveries around on two trucks with coolers."

One of the first customers they stopped at asked if they also sold coolers. At the time, stores were used to bad service. "Nobody ever gave good service, so we started buying coolers," Abbo explained. "The first year, we picked up 50 customers. The next year, we had 150. Today, we have more than 3,000 customers, most are located in Southeast Michigan, spread over 11 counties."



ISAAC, SAAD & JACOB ABBO

Saad and Hadir started U.S. Ice in 1984. The original location was on Fitzpatrick, near southwest Detroit, off of Plymouth Road. They were there for 10 years, until they built the current location, in 1994, on 8 Mile, just east of Meyers. The original location was about 6,000 square feet, which was immediately doubled to 13,000 square feet. However, today, U.S. Ice occupies 25,000 square feet after having bought the transmission shop next door, two years ago.

"We produce approximately 400 tons of ice each day, in a 24-hour period," said Abbo. "That's our capacity, which is about 120,000 bags of ice a day. Our machines produce about 100 bags a minute, so we always have about 200,000 bags in the freezer all the time."

U.S. Ice is leading the industry, and is one of the first ice companies in the country to use automation. "We just hosted the ice convention in Detroit, which was the first time the event was held



here since 1980,” said Abbo. “Companies came from all over the country, Canada, Europe, as well as Australia, just to see our automation process. Here we were, a couple of guys who didn’t know much of anything about the business, and now we’re teaching others how to do the business.”

Abbo has continued to make the company a family business, by having his three sons involved in various ways. “My oldest son Jacob, who is 23, has been with me since he was young, but has really been taking things over the last two years,” Abbo said. “I feel like I’m doing what my father did, and he’s now doing what I did. He’s taking over a lot of the day-to-day responsibilities.”

Abbo’s second son, Isaac, is 20, and is working on a business degree at Lansing Community College. However, he returns to work at the company every year during the summer time. Marcus, 16, is Abbo’s third son and attends Groves High School. He, too, helps out during the summer months and is learning the facility’s operations.

Always looking for new ways to expand the business, U.S. Ice acquired a company called Michigan Ice Carvers about a year and a half ago. The two companies merged and now it’s called U.S. Ice Carvings. “The main guy who owned it, Matthew Sokolowski, is our main ice carver,” said Abbo. “He wanted to expand his business, but didn’t have the capability to like we do, so we took over and bought more machines and ice makers. We make about 50 400-pound blocks of ice every six days. We purchased a CNC machine to carve blocks, and just bought another one. We also just hired a second ice carver.”

U.S. Ice does a lot of the local ice festivals and go as far as north as Petoskey, where they did 40 - 50 carvings for them. “We did Port Huron, Monroe, Flint, Wyandotte, and Winter Blast in Detroit at Campus Martius Park,” said Abbo. “Not only do we do events, we do a lot of weddings, and special birthday celebrations.”

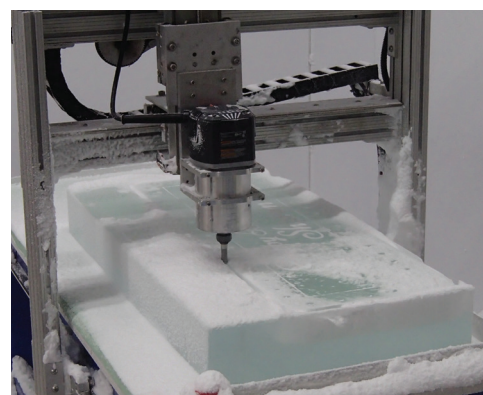
Currently, the company supplies the entire Southeast area of Michigan, but has plans to expand to Grand Rapids, Kalamazoo, Lansing, and the northern region of the state. Their plan is to serve all of Michigan, and with their service, it shouldn’t be hard to find new customers. “We guarantee next day service,” Abbo said. “If you call us today, I’m going to try to get it to you today. But if it’s not today, I’ll guarantee by the next day, I’ll get it to you one way or another. In the summertime, we don’t close. From Memorial Day to Labor Day, we’re open 7-days a week.”

Abbo credits AFPD for helping with the company’s success. “We have a program through AFPD, and that program has been tremendous for both of us,” explained Abbo. “It gets us customers, and the customers get a discount from the program. In my opinion, AFPD is doing a big, big job for the industry and the community. They do a lot and if you don’t believe so, go to the meetings and you’ll see what they do. They do their job very well - better than anyone I know.”

Not only has U.S. Ice benefitted from having an endorsed program through AFPD, it is also able to take advantages of the other programs AFPD offers. “We try to utilize everything they offer because any time we can save money, we do it,” explained Abbo. “From office supplies to health insurance, it makes a big difference. These days we count everything. And with the expansion to other states, AFPD is getting recognized all over the place, and that stands for something. That means we’re doing something right. They helped me grow to where I’m at right now. And with Auday and the team he’s got, they work hard for you, so it makes a difference if you’re a member.”

Knowing an organization has your back, is the same commitment U.S. Ice has to its customers.

Abbo can still hear the words that his father said to him, over and over, about what it takes to run a successful business. “He used to say, ‘make sure you don’t lose any sales,’ and he dug it into my mind so much, that if you talk to Jacob, he’ll tell you I’ve dug it into his too,” joked Abbo. “You make sure no customer is without ice, no matter what it takes.” ■





The third BILLION back

Ohio Workers' Comp Rebates

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Bureau of Workers'
Compensation

Giving Back to Ohio Business

Each year, the Ohio Bureau of Workers' Compensation helps nearly 250,000 employers protect their employees. The premiums paid by Ohio's businesses and public employers help provide safety services to reduce workplace incidents and care to get injured workers back to work and back to life. An improving safety climate, good fiscal management and better than expected investment returns have resulted in the State Insurance Fund having a net position of more than \$9 billion. So, for the third time in four years, BWC is poised to return more than \$1 billion dollars to Ohio's private and public employers. Combined with nearly 30 percent in average rate cuts and \$3 billion in previous rebates and credits, this rebate would mean BWC will have helped return more than \$6 billion to Ohio's economy.

What does the proposal include?

BWC is proposing a one-time rebate of approximately \$1 billion for private employers and public-taxing districts. This includes an estimated \$967 million to private employers and \$133 million to public employer taxing districts. In total more than 200,000 employers will receive rebates.

BWC is also considering an additional, significant investment in workplace wellness and safety. BWC has begun developing ideas to support this request and expects a proposal in April that will help significantly reduce workplace injuries.

To become effective, the proposal must go to the BWC Board of Directors for a first read on March 15, and then must have a second read and be approved by its board on April 28.

How much will employers receive and when?

If approved at the board's April 28 meeting, most rebates would equal 66% of the employer's premium for the policy year ending June 30, 2016 (calendar year 2015 for public employers). If approved, BWC expects to begin sending checks in early July.

Private employers in the group-retro program will have their rebate amount calculated and paid following the 12-month premium calculation scheduled to occur in October 2017.

Who is eligible for the rebate?

Both private employers and public employer taxing districts that pay into the State Insurance Fund are eligible for the rebate. Details of eligibility will be posted to bwc.ohio.gov in the near future, but generally the employer must have been billed premium for the policy year ending June 30, 2016 (Dec. 31, 2015 for public employers), and be current in meeting their policy requirements. Employers with an outstanding BWC balance will have their rebate first applied to that balance. Employers that report through a Professional Employer Organization should receive their rebate from their PEO, which is required to pass a portion of the rebate on to their members.

OHIO SAFETY SENSE
continued on next page.



The Importance of Showing Employees Your Appreciation

Did you know that there's a direct link between feeling valued by your boss and being a better employee?

When business owners personally let employees know how grateful they are for their work, it gives them a greater sense of purpose and helps them feel valued. This leads to more engagement, productivity and loyalty—factors that can benefit a company for years to come. It makes sense: Employees will want to continue working for a company if they feel like their contributions matter. They are also more likely to speak positively about the company to other employees, friends and family, which boosts morale and attracts more talent.

The best thing about showing appreciation is that it couldn't be easier to do. Here are some simple ways to start centering your work culture around positive feedback:

- Write out thank you cards: This classic way of showing appreciation can go far in boosting employee morale. In fact, 83% of workers find this kind of recognition more fulfilling than a financial bonus. Plus, the note can be tacked up on a bulletin board and serve as a daily reminder that their work matters.
- Emphasize a healthy work-life balance: Offer employees flexible hours or an extra vacation day when they need it. These kinds of incentives show employees you trust them and want to make sure they're happy outside of work as well. This makes them feel both appreciated and accountable for assignments, meaning they'll try even harder to do their best.
- Host special events: Take the team out to a celebratory dinner after wrapping up a big project, or organize a summer office-wide party somewhere fun. By splurging on an activity that has nothing to do with the daily grind, you allow employees to bond, let loose and recharge.
- Keep them healthy in the office: Offer healthy food options at work, provide a meditation room or even host happiness classes (where an expert comes in to teach your employees how to reduce stress by keeping a daily journal of things they are thankful for). This shows employees you care about them as people and not just how they affect the company's bottom line. ■

BROUGHT TO YOU BY:



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

OHIO SAFETY SENSE

continued from previous page.

How is it possible that BWC has \$1 billion to provide rebates?

Despite a nearly 30 percent reduction in rates since 2011, the net position of BWC continues to grow. The State Insurance Fund's net position stands at \$9.6 billion as of Jan. 31. This is primarily due to strong investment returns. Annualized return of investments was 7 percent over the last three fiscal years, including a total net return of 5.8 percent in FY2016. BWC's expected annual investment return is four percent. Prudent fiscal management and declining claims also factor into BWC's financial strength.

Will this impact BWC's ability to operate as normal and continue to care for injured workers?

No. Investments have performed so well, that even with the \$1 billion rebate, BWC's finances will remain very strong, so operations will continue as normal and injured workers will continue to receive the care they need to heal and return to work. In fact, we are developing a proposal to invest a significant amount into worker safety and wellness, which should benefit Ohio workers by further reducing workplace injuries. After the rebate, BWC will still have a net position of \$8.5 billion.

What else has BWC done to help Ohio businesses?

Since the beginning of 2011, BWC has saved Ohio businesses \$4.8 billion through rebates, credits and rate reductions. That includes:

- Giving rebates of \$1 billion in 2013 and another \$1 billion in 2014.
- Providing \$1.2 billion in credits to transition to a modern billing system at no cost to employers.
- Reducing rates for private employers an average of 28.2%. That means BWC collected \$1.7 billion less from employers than had 2010 rates remained steady.
- Reducing rates for public employers an average of 29.6%, or \$334 million less than had 2010 rates remained steady.
- Moving from the state with the third highest private employer rates in the country in 2008 to the 11th lowest.

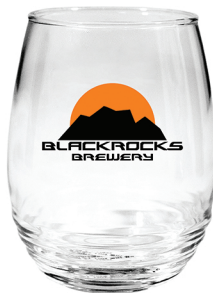
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Bay City, Michigan

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Thanks to Michigan Senate Bill 973 that went into effect April 9th 2017, those who have the appropriate licenses to sell beer can now further raise revenues by providing local growler fill stations. Similar laws have gone into effect in other states such as Ohio, and those economies have seen highly positive results! An existing Michigan company is making the transition easy.

The founders of Prestige Glassware have been custom imprinting glassware and growlers since 1978 - a second generation family owned business! The ownership reports for work every day along with our thirty-five hard working team members and are involved in the process of fulfilling orders. We offer stainless steel, acrylic, ceramic, and glassware products. Our product line is now growing into a one-stop

shop; not only drink ware products, but coasters, key chains, ice buckets, t-shirts, and hoodies. Our products are used extensively by breweries, wineries, distilleries, and the hospitality industry all over the United States of America.

Our production facility, located in Bay City, Michigan, prides itself on state-of-the-art equipment, but some things should never change. We still have real people answering the phones and giving personal attention to our customers' orders. We produce high volumes of glassware, but we will always offer low minimums at great prices. Our customer service center pays attention to every detail when placing your order and you'll receive a confirmation to make sure we haven't missed a thing. When you buy custom imprinted products from Prestige Glassware, you'll never have to wonder

if it will come out as you imagined. Our art department can help you arrange the perfect design. In addition, every order - new or repeat - receives a digital email proof for you to approve before going into production. Prestige Glassware will have your order out the door within 5-7 days of your approval of the e-proof. You will not have to wait weeks and weeks to have your items in-hand.

Branding your logo with us will expose your business to thousands of people per year! The price of advertising with our products is the lowest cost of common advertising models: beating television, radio, and newsprint. This type of marketing will have immediate results on your revenue and enable you to build long lasting brand awareness.

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GREAT LAKES WINE & SPIRITS //

M. Chapoutier 'Belleruche' Cotes du Rhone Rose

Every once in a while, we experience an 'explosion' of sorts in the wine business: when a brand, item or category 'blows up' in sales exponentially compared with competitors or previous years... to a level never before imagined. Think Kendall Jackson Chardonnay in the 90's, or 'The Moscato Thing' that commenced in 2007/2008 (thank you, Moscato), or the Malbec boom that was hitting its stride in 2010 and 2011. Well, we have another boom before us: ROSE.

If you have not beefed up your selection, added displays of pink wine (not white zin), and included a number of them in your cold box, you are leaving money on the table. These are pink wines that sell for three, four, or five times the price of cheaper white zinfandels---and even better than that, these wines have an 'ease of drinkability' that means

one bottle is never enough for three or four people...so you'll always sell a second bottle! At Great Lakes Wine & Spirits we offer over 100 premium, dry roses ranging in cost from \$4 to \$22 and everything in between. Below is one of our favorites and best sellers!

The Chapoutier family has been making wine in France's Rhone Valley for over 200 years, owning some of the most prized sites in the region and possessing an immeasurable amount of knowledge of grape-growing & winemaking in the both the Northern & Southern zones of the Rhone. Their range is exhaustive, releasing close to 100 different wines each year---from the Rhone alone---and the Chapoutier dynasty also includes wines & wineries in other parts of France, as well as

in Portugal & Australia. Current patriarch and winemaker Michel Chapoutier is a legend. Once called 'The Greatest Winemaker on the Planet' by Robert Parker, Monsieur Chapoutier's skills show not just with his rare (and pricey) reds & whites, but also in his wines of more modest pedigree, such as this delicious rose. A classical blend of Grenache, Syrah & Mourvedre (known as a GSM), it displays a beautiful salmon color followed by a gorgeous, inviting nose of berries and melon. It is dry, but soft on the palate and very compatible with a wide range of foods---or all alone on a summer day. Offer this wine to your customers and you will make friends & make money---turn pink into green!

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



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Mackinac Island and the surrounding area have much to offer. Natural beauty, historical parks, unique shopping, and the largest selection of fudge and confections which completes the Northern Michigan experience.

Devon's Mackinac Island Fudge Company has been manufacturing the area's finest fudge and other confections for the past 20 years. Opening its first retail location in Mackinaw City in 1997, Devon's Mackinac Island Fudge Company has now expanded into six retail locations and a manufacturing operation that produces 250,000 pounds of fudge each year. In 2011, they launched the distribution of products nationwide making it possible to enjoy the delicious fudge and confections in nearly every state.

"Our company vision has always been to offer a quality product at an affordable price and this remains unchanged as we continue to grow," said Tom Derk, Wholesale Manager of Devon's Mackinac Island Fudge. "Using local ingredients in every product we manufacture insures quality as well as supporting surrounding businesses. We take pride in Northern Michigan and all it has to offer."

Devon's Mackinac Island Fudge Company strives to be innovative with their candy making; keeping up with current trends as well as staying true to traditional favorites. One way to achieve this is by producing 50-plus flavors of each; fudge, popcorn, and salt water taffy. By doing so Devon's Mackinac Island Fudge Company stands out above our competitors.

"Being an AFPD member has launched our southern Michigan sales," said Derk. "We hope you take advantage of this opportunity to carry this nationally recognized brand." ■



Goodbye, Candy Counter: CVS Embraces Store Redesign

■ NATHAN BOMEY // USA TODAY



Three years after abolishing tobacco sales, the nation's largest drugstore chain is reducing space devoted to junk food and general merchandise.

CVS Health plans to accelerate a store renovation project, devoting more floor space to nutritious food and health products.

CVS executives said Wednesday that they would implement the new format at several hundred stores by the end of 2018, demonstrating the company's commitment to remake itself as a beacon of healthy living rather than a place devoted primarily to treating illnesses and selling candy bars.

Although you'll still be able to score a bag of chips, candy bar and sugary drink at CVS, the company said it would reorient 100 feet of aisle space per store toward products such as nutritious food bars, natural supplements and makeup without harmful chemicals.

The company will sell fewer seasonal products and other general items that are suffering against online competition, namely Amazon.

CVS said it had already introduced the redesign at 800 of its 9,700 stores, with the upgraded locations experiencing an average sales increase of 2.5%.

"It's a whole reimagined store design," CVS Pharmacy division President Helena Foulkes said in an interview.

The move comes amid mounting pressure on the retail giant to bolster foot traffic after the pharmacy business lost tens of millions of prescriptions heading into 2017. Retail, non-pharmacy sales at stores open at least a year fell 2.9% in the fourth quarter. Those sales represent about 11% of the company's revenue, according to UBS.

"They're looking to do this because they want to remain relevant with their customers and be viewed as a local destination for healthy products and items and help fulfill their customers' health needs," said CFRA Research analyst Joe Agnese, who tracks CVS. "It helps them keep up with what everybody else is doing."

The overhaul includes abandoning the typical smorgasbord of candy at the front counter, moving those items farther back and devoting that coveted shelf space to healthier choices, including organic foods, sugar-free items and protein bars.

CVS is also betting on items connected to helping people sleep, skincare and healthy "eat-on-the-run" snacks, said Judy Sansone, senior vice president for the front store business and chief merchant.

That reflects the fact that American consumers have shifted from three large meals per day to five smaller meals, she said.

"We're doing this because this is actually what customers want. This is what they're buying," she said.

In makeup, a category that has been disrupted by nimble competitors such as Sephora and Ulta, CVS is cutting chemicals such as parabens, phthalates and formaldehyde from its store-brand products.

"Most of our growth is coming from these new, indie cosmetic brands," Sansone said.

Foulkes declined to say how much the store upgrades would cost, but said it falls in line with previous capital spending plans. ■



CVS IS INTRODUCING HEALTHIER, GRAB-AND-GO FOOD ITEMS IN A REDESIGNED STORE FORMAT THAT WILL ROLL OUT TO SEVERAL HUNDRED LOCATIONS BY THE END OF 2018. (PHOTO: CVS HEALTH)



Is Nation's First Soda Tax Working as Intended? New Study Says Yes

■ BY KRISTEN CLOUD // THE SHELBY REPORT

A new study of Berkeley's tax on sugary drinks, the first in the nation, suggests that it may be accomplishing its goals. The study was published Tuesday in PLOS Medicine by the Public Health Institute and the University of North Carolina.

"Changes in prices, sales, consumer spending and beverage consumption one year after a tax on sugar-sweetened beverages in Berkeley, California, U.S.: A before-and-after study" is the largest-to-date evaluation of the nation's first sugar sweetened beverage (SSB) tax, covering 15.5 million supermarket checkouts. It found that the volume of sugar sweetened beverages sold in Berkeley declined significantly, by 9.6%, in the year following implementation. Because sales for healthier beverages also rose, including water and milk, there was no negative impact on overall beverage sales at studied local businesses. Overall grocery bills (consumer spending per checkout) did not go up.

"The Berkeley tax is a home run—residents chose healthier options, it raised revenue for promoting health, and we saw no evidence of higher grocery bills for consumers or harm to local business revenue," said lead author Dr. Lynn Silver of the Oakland-based Public Health Institute. "These findings suggest that sugary drink taxes make health and economic sense."

Top findings include:

PURCHASES OF SUGARY DRINKS DECLINED

Sales (in ounces per transaction) of taxed SSBs fell by 9.6% in Berkeley, while they rose by 6% in other Bay Area stores without a tax (compared to predicted sales based on pre-tax trends). Sales of diet drinks and diet energy drinks also fell significantly, by 9.2%.

PURCHASES OF HEALTHY BEVERAGES INCREASED

Sales of untaxed healthier beverages, already far greater at baseline, rose significantly, by 3.5%, and overall beverage sales went up in Berkeley. Sales of water rose by 15.6% (more in ounces than the decline in SSBs); untaxed fruit, vegetable or tea drink sales increased by 4.37%; and sales of plain milk rose by 0.63% (all statistically significant).

NO NEGATIVE IMPACT ON STORE REVENUE OR CONSUMER GROCERY BILLS

Although overall store revenues per transaction in the studied chains dropped slightly across the Bay Area during the study period, store revenues in Berkeley fell by 18 cents less (-\$0.36) compared to non-Berkeley stores (-\$0.54). This same indicator—store revenue per transaction—is also what consumers spent on average for each checkout or "grocery bill" at the participating stores, indicating that their average grocery checkout bill did not increase at these stores—counter to claims by the soda industry that the policy would be a "grocery tax."

INVESTMENTS IN HEALTH INCREASED

In spite of low consumption of SSBs, the city's revenue from the first year of the SSB tax was \$1,416,973—or \$12 per capita. Funds raised went to nutrition and obesity prevention activities in schools, childcare and other community settings.

THE TAX COSTS WERE PASSED THROUGH TO TAXED PRODUCTS IN MANY, BUT NOT ALL, STORES

In the 15.5 million transaction study, about two-thirds of the penny-per-ounce levy (0.67 cents/oz.) was passed through to consumers by pricing increases on the taxed drinks. For soda and energy drinks it was fully passed through (1.09 cents/oz.). In the 26 store study, it was fully passed on in large (1.07 cents/oz.) and small chain supermarkets and chain gas stations (1.31 cents/oz.), partially in pharmacies (0.45 cents/oz.), but not in smaller independent corner stores and independent gas stations. Prices on non-taxed beverages did not increase more in Berkeley than in comparison stores.

"Berkeley's per capita SSB consumption is significantly lower than the country as a whole," said Shu Wen Ng, Ph.D., University of North Carolina research associate professor of nutrition and co-first author on the study. "This suggests we will see a much larger tax impact in other U.S. cities with similar or higher tax levels."

SODA TAX

continued on page 37.



Fresh Departments Continue to Dominate Grocers' Differentiation Strategies

PG's Annual Report reveals top in-store drivers

■ BY BRIDGET GOLDSCHMIDT // STAGNITO
BUSINESS INFORMATION

Is fresh overrated?

Well, no. Although nonperishable products have definitely gained traction as part of a distinctive in-store experience, to differentiate themselves meaningfully, grocers must still primarily think fresh.

In rating the most successful departments, 67.1% of respondents to this year's Annual Report survey chose meat as the top draw, while deli/grocerant/prepared foods occupied the second spot, with 60.8% attesting to its popularity. Other big lures were third-place produce, down from last year's top spot; beer/wine/liquor (if applicable), up from fifth place last year; and private label, which soared from No. 12 to round out the top five, in line with store brands' greater importance to the in-store experience.

In fact, meat scored as the most influential department in driving stores' overall brand, image or point of differentiation by a wide margin, followed by deli/grocerant/prepared foods, produce, organic, private label and center store.

When asked what big issues were keeping them up at night, 42.8% of respondents identified competitive threats, which leapt from 14th place last year to third as a major concern. This response indicates a much rockier competitive landscape for grocers,

caused by supermarkets' extremely tight margins and the need to keep up with rapidly changing trends.

Greater competitiveness could explain the uptick in limited-assortment stores, with their promise of quality products at value prices, from 3,325 stores to 3,396, with sales up a whopping 39% to account for 3.5% of the total supermarket sector, up from 2.6% last year.

Be that as it may, the benefits of differentiation are clear: Looking at EBITDA over the last five years, research firm Deloitte LLP found that if a retailer provides differentiated products and experience, then growth is almost 13% in that particular segment compared with the average growth of 2%, according to Progressive Grocer Senior Editor Randy Hofbauer's coverage of the National Retail Federation's Retail's Big Show in January.

When it comes to ways to enhance the in-store experience, 69.5% of respondents zeroed in on private label, landing it in first place, up from No. 3 last year. Retailers that have used this strategy effectively are H-E-B, with its Texas-centric offerings, and Ahold Delhaize, which creates "artificial scarcity" through its "Limited Time Originals" cross-category platform bringing together unique items across the store based on seasonal flavor profiles. Other popular merchandising and brand enhancement strategies include locally sourced products, holding

steady at No. 2; signature products, which climbed from sixth place last year to third this year; grocerant/prepared foods, last year's top program, which slid to the fourth rung; and rounding out the top five, cross-merchandising, which dropped a slot from last year.

In the area of customer interaction, community involvement, seasonal special events and sampling demos all retained their spots in the top three, while healthy-eating store tours rose from seventh place last year to fourth this year, tying with in-store restaurants, which advanced from the fifth slot last year. Descending a rung from last year, this year's No. 5 was wellness events/counseling.

As for in-store services, on-site butchers, community programming and seafood specialists continue to hold the lead, at Nos. 1, 2 and 3, respectively, while promoting a store's florist as a point of differentiation (new to this year's survey) captured fourth place, and event planners/concierge services/catering dipped from No. 4 to No. 5. Also new to the survey were offering vegetable "butchers," a service that's received a lot of attention for its inclusion in the recently opened Bryant Park Whole Foods Market in New York City, at No. 6, and providing self-checkout/check-less capabilities, in 11th place.

The complete Annual Report of the Grocery Industry can be found in PG's April digital edition. ■



SODA TAX

continued from page 35.

The tax, approved by Berkeley voters in November 2014, is a penny-per-fluid-ounce (1 cents/oz.) of sugary drinks, paid by beverage distributors. Revenues from the tax are placed in the general fund and an advisory committee recommends to the city how to spend the resources to improve health.

The study evaluated changes during the first 12 months of implementation (March 2015-February 2016) from three data sources. Data analyzed included: (1) beverage prices at a sample 26 Berkeley stores of varying types; (2) point-of-sale scanner data on beverage prices, sales in ounces and store revenue per transaction on 15.5 million checkouts in three Berkeley and six control non-Berkeley large supermarkets in nearby cities; and (3) a smaller before-and-after representative telephone survey of 957 adult Berkeley residents.

Similar taxes recently were passed in San Francisco, Oakland and Albany, California; Philadelphia, Pennsylvania; Cook County, Illinois; and Boulder, Colorado; as well as other countries, including the U.K. They are under consideration now in Santa Fe, New Mexico; Seattle, Washington; Connecticut; West Virginia; Illinois; Massachusetts; and Washington.

The study was supported by Bloomberg Philanthropies. Data was collected by the Public Health Institute and its Survey Research Group, with the collaboration of local retailers and grocery chains. ■

MICHIGAN //

Growlers at Retail Food Establishments

■ BY SANDRA WALKER // MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

A new regulation has been passed into law allowing the use and marketing of “Growlers” within retail food establishments. Under Public Act 514 of 2016, qualified retailers may now provide on-site filling of growlers. “Growler” means any clean, refillable, resealable container that is exclusively intended, and used only, for the sale of beer for consumption off the premises and that has a liquid capacity that does not exceed one gallon.

Effective April 9, 2017, all retail food establishments with a Specially Designated Distributor (SDD) license and that also hold a Specially Designated Merchant (SDM) license from the Michigan Liquor Control Commission (MLCC) are eligible to fill growlers. The basic requirements for filling or refilling growlers can be found at: www.michigan.gov/lara.

The aim of the Michigan Department of Agriculture and Rural Development is to provide adequate resources to support the regulatory risk-based food safety

program in aiding in the reduction of the occurrence of foodborne illness.

FOOD ESTABLISHMENT FACILITIES NEED TO HAVE:

- A dedicated area for the filling of growlers. It may be mobile or a built-in unit.
- The area of filling must be in close proximity to handwashing facilities.
- A three-compartment warewashing sink must be maintained for sanitation of wares.
- The warewashing area must also be in convenient proximity to handwashing facilities.
- An adequate supply of hot water must also be provided.
- Firms must have an approved system in place to clean the lines, and taps to preclude accumulation of soil residues.
- Cleaning of returnable growlers for refill must comply with 4-603.17 of the Michigan Modified 2009 Model Food code.
- Before installing and operating a growler filling station, contact your local Food Inspector or Plan reviewer for additional guidance. ■

ALERT // CLINTON TOWNSHIP MANDATES SECURITY CAMERAS

Michigan’s most populated township will be requiring certain businesses to install security cameras in an effort to deter crime. On March 13th the Clinton Township board of trustees voted unanimously to require businesses with frequent police calls such as party stores that sell liquor, hotels, banks, pharmacies, and gas stations to install security cameras on their premises by October 1st of this year. The ordinance was spear headed by Clinton Township police chief, Richard Maierle after his department used security camera surveillance video to solve the murders of two party store owners. According to Captain Maierle about 75% of businesses that will be required to have security cameras already have them. The ordinance Clinton Township adopted is a first of

its kind in Michigan and sets a dangerous precedent. While retailers in Detroit are familiar with Project Green Light; the ordinance in Clinton Township is different because it is a mandate.

Mandates are slippery slopes and can become very costly to retailers who operate on thin margins. It is also important to note that mandates like this, while costly for every business, impact small independents more. It is easier for a large chain to absorb this cost than a single owner operated independent.

Today it is video cameras. Who knows what it could be tomorrow.

For questions on the ordinance please feel free to contact Dan Papineau at dpapineau@afpdonline.org. ■



Environmental Due Diligence: Trigger Events

■ BY BLDI, INC.

Most people involved in commercial real estate (CRE) are at least familiar with the use of a Phase I Environmental Site Assessment (ESA) at the time of purchase to utilize the Landowner Liability Protections (LLPs). In other situations the use of the Phase I ESA may or may not be the best tool. The following events often trigger or should trigger environmental assessment or environmental due diligence (EDD):

- Purchase or sale
- Financing or Re-financing
- Foreclosure
- Governmental actions
- Estate/valuation
- Leasing

These events can or should trigger an assessment of environmental status. However, a kneejerk "get someone to do a Phase I now" can be counter-productive. This is because the goal of a Phase I ESA is to define whether a "recognized environmental condition" (REC) is present or not. Looking at the list above you can see in many cases that identifying a REC may provide little value and could actually complicate the situation.

MATCH THE SITUATION

One gap we often see is that the context of the situation or transaction is omitted in scoping the environmental engagement. This is where good environmental consultants and legal counsel can add a lot of value. For example, in a refinance situation the availability of the LLPs would not likely apply and, therefore, conducting a traditional Phase I ESA identifying RECs may actually complicate the situation. Alternately, we see some lenders doing no EDD when foreclosing even on high risk property (e.g. old foundry). Further, it is often forgotten that the lender is not the regulatory enforcement body but that

they require EDD to assess and protect collateral value.

As one lender puts it, "The level of inquiry that is reasonable and appropriate under the circumstances." Of course, this lender has in-house environmental staff to assist in understanding the lending and environmental situation to match the circumstances from their perspective.

PURCHASE OR SALE

The common CRE transaction is where the traditional Phase I ESA most often required by a lender. In many merger & acquisition (M&A) transactions today, the seller is more commonly conducting some upfront EDD. We recommend that seller-conducted EDD be highly scrutinized by a purchaser. Most suspect are "clean" Phase I ESAs (i.e. no RECs identified).

FINANCING OR REFINANCING

Lenders are being required to undertake more rigorous underwriting, including environmental. New purchases are pretty straightforward with the availability and use of the LLPs well-known. Refinancing provides the opportunity for a more sophisticated lender to add value. Many lenders utilize tailored "limited" environmental assessment to focus the environmental work to support underwriting and risk management as opposed to meeting a general "off the shelf" environmental policy.

FORECLOSURES

Most lenders have strict environmental programs related to foreclosure. However, it is not uncommon for community banks, and now even credit unions, to be lacking a guidance or policy for foreclosures. Special Asset personnel should be familiar with their policy and program. Lacking such a program can increase overall program cost and possibly incur that one "mega-claim".

GOVERNMENTAL ACTIONS

We strongly recommend that any governmental environmental action be immediately referred to experienced environmental legal counsel. Even what may be perceived as small issues can become long and costly. Often environmental assessments conducted to satisfy governmental actions are conducted in concert with or under the direction of legal counsel.

ESTATES

In many cases environmental is often ignored and sometimes only conducted because a lender requires it. This is more often the case when dealing with estate issues. We would suggest that in estate issues that an environmental program tailored to the situation provides the most value and assesses issues that actually can impact value of the CRE or business (e.g. regulatory required capital upgrades, permits or renewals, outstanding environmental issues).

LEASING

It is becoming more common today for property managers and larger companies to require some level of environmental assessment at the beginning and end of a lease.

NEW LENDER REQUIREMENT

Based on the fairly new Office of Comptroller of Currency (OCC) Commercial Real Estate manual (August 2013), the impact of environmental issues on value will become even more in the forefront as the appraisal process may be required to assess the impact of environmental on value.

For questions and more information contact Joseph Berlin, PE,EP,CP (jberlin@bldi.com) or Marty Janowiak (mjanowiak@bldi.com) at (616) 459-3737. Visit our website www.bldi.com. ■

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


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MAY 25, 2017

AFPD'S 13TH ANNUAL OHIO GOLF OUTING

This outing is a social event where retailers, wholesalers, manufacturers and service providers all come together to have a little competitive fun. A day on the course includes breakfast, dinner and 18 holes of golf!

Manakiki Golf Course // Willoughby Hills, OH

JUNE 20, 2017

AFPD FOUNDATION'S 9TH ANNUAL SCHOLARSHIP LUNCHEON

Every year, the AFPD Foundation awards academic scholarships in the amount of \$1,500 each to extraordinary and deserving students in Michigan and Ohio. Help the AFPD Foundation invest in the leaders of tomorrow. Tickets and sponsorship opportunities available.

Detroit Athletic Club // Detroit, MI

JULY 19, 2017

AFPD'S 41ST ANNUAL MICHIGAN GOLF OPEN

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SEPTEMBER 6, 2017

AFPD'S 8TH ANNUAL MID-MICHIGAN HOLIDAY FOOD & BEVERAGE SHOW

Connect with buyers and have some fun at the Mid-Michigan Holiday Food & Beverage Show. Let AFPD work hard to help you sell your holiday products and promotions.

Comfort Inn & Suites // Mt. Pleasant, MI

SEPTEMBER 27, 2017

AFPD'S 19TH ANNUAL HOLIDAY FOOD & BEVERAGE BUYING SHOW

As Michigan's premiere holiday show, retailers and on-and off-premise licensees come from miles to see, sample and buy a wide variety of new products. Admission for AFPD members is free. Must be 21 years or older to attend this show.

Suburban Collection Showplace // Novi, MI

publishers statement

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* Based on \$2,000 non-tobacco purchases weekly

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relationships matter



“

I've been in this business for over 20 years, and SpartanNash people are a different kind of people. They are professional, on their game, and share a passion for the industry. I talk to them live when I need service, and they see to it I get what I need. It's truly a feel good company.

”

Mike Vinckier
Owner, Vinckier Foods
Port Huron, Almont

Visit SpartanNash.com for more information or call:

Jim Gohsman 616-878-8088

Ed Callihan 330-903-8076

Roger Delemeester 989-245-0337



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