



*Strength in numbers*

# 2008 ANNUAL REPORT

## OUR MISSION

"To improve the public image, effectiveness and profitability of companies in the retail and wholesale food distribution industry."

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David McCorkle  
President & CEO

*'On behalf of association directors and staff, I thank you for supporting the programs and subsidizing business services (PCRS and MEMO).'*

## Association Priorities Updated in 2008

In late 2008, PFMA Chairman Scott Hartman and PCSC Chairman Dan Pastor convened a meeting of directors to review association services and to establish program objectives for the next three years. Louie Sheetz, PFMA's secretary/treasurer will oversee the development of a strategic planning document based on the combined efforts of directors, staff and Gene Recker, Recker Consulting, LLC, who served as the facilitator for the session, which was attended by 23 directors and five staff. With Gene's assistance, the group accomplished the following:

1. Core services were identified, rated and recommendations were developed for modifying and improving them. Those services included membership development, communications, government relations services and staffing of association committees, such as Food Protection, FoodPAC, Legislative, Loss Prevention, Adult Beverage, WIC Advisory Committee and others.

2. Recommendations were made for improving eight revenue-generating services. Those revenue sources include Pennsylvania Coupon Redemption Services, Inc. (PCRS), Merchants Express Money Order Company, Inc. (MEMO), Gleason endorsed insurance programs, the lease of office space at PFMA headquarters and management services provided to independent organizations, including Keep Pennsylvania Beautiful, Association of Manufacturers Representatives and the Delaware Food Industry Council.

3. Milk Marketing Board representation, the Scanning Certification Program and the Pennsylvania Pharmacy Council were reviewed and recommended for continuing support. Efforts to make the Responsible Tobacco Sale Certification Program self-supporting were encouraged.

Each of the above services benefit a substantial portion of the membership. Milk Marketing Board legal

and accounting consulting document in-store handling costs and profit margins for retailer operations in six separate milk price areas. Services are supported by dues monies as is the Pennsylvania Pharmacy Council.

The Scanning Certification Program and the Responsible Tobacco Sale Certification Program are supported by fees paid by participating companies.

4. Two new services were recommended for development and three others were recommended for review/study.

Directors expressed concern about delays experienced in developing new store locations. A task force will be established to define the problem and meet with public officials to discuss solutions.

A second initiative calls for us to plan and develop a consumer education/advocacy project intended to link consumers with elected and appointed officials.

5. Ideas for increasing association revenue were recommended. Action plans were drafted for implementing each of the above mentioned services.

A member questionnaire was circulated in 2009 to encourage additional comments on the plan and association services. Your help in providing optimal strategies for communicating with your company/key associates and comments on service establishment will be greatly appreciated.

On behalf of association directors and staff, I thank you for supporting the programs and subsidizing business services (PCRS and MEMO). Your thoughts on how we can fulfill our mission by "improving the public image, effectiveness and profitability of companies in the retail and wholesale food distribution industry" would be appreciated.



Scott Hartman  
PFMA Chairman  
Rutter's Farm Stores  
York, PA

*'Now more than ever  
it's important to  
become involved  
with PFMA and PCSC.'*

## A Joint Message from the PFMA

### DEAR PFMA AND PCSC MEMBERS:

Last year was challenging for the retail food industry and obviously there are more challenges ahead as the country works to pull out of the recession.

Food and gasoline prices were a huge concern for consumers and retailers as prices soared. Some retailers were forced to close their doors, while consumers reacted by cutting spending and combining trips. There was some good news for food retailers as customers moved to private label products and eating at home to save money.

In June the *Wall Street Journal* reported that the price of cheese had increased 50 percent on the Chicago Merchantile Exchange since December 2006. A pound of flour was up 64 percent from June 2007, according to the U.S. Bureau of Labor Statistics.

Biofuel mandates instituted under the Bush Administration caused increases in corn prices as crops were diverted to ethanol production. Last August, food producers, livestock farmers and others asked President Bush to lower the amount of ethanol that must be blended with gasoline. While the Environmental Protection Agency (EPA) acknowledged that commodity prices were having an impact on the economy, it didn't find any compelling evidence that the mandate was causing "severe economic harm." The EPA's administrator, Stephen Johnson, said that the mandate is an important tool to fight global warming and lessen U.S. dependence on foreign oil.

No doubt fuel prices soaring to nearly \$4 a gallon also contributed to the price increases.

In addition, consumers complained that their cars were getting less mileage when they used gasoline mixed with ethanol, while they were still paying the same price for fuel.

Pennsylvania took the mandates further by passing the first state-level cellulosic ethanol mandate. A three-bill package sent to Governor Rendell authorized the borrowing of \$500 million to invest in energy projects and mandate alternative fuels at the pump. Act 78, signed by the governor in July, requires gasoline and diesel stations to meet contract requirements for cellulosic ethanol and biodiesel once in-state production reaches a certain level. Early this year, Governor Rendell announced that every gallon of on-road diesel fuel sold in the state will contain at least 2 percent biodiesel because Pennsylvania's biodiesel products have reached the first threshold under the alternative energy law.

The ethanol industry also had a rough year. Many plants closed their doors, while others consolidated. The larger companies are faring better, but investors are shying away from new ventures. It could make it difficult for President Obama to get some of his green initiatives under way.

PFMA and PCSC members continue to maintain that these mandates have to be cost-effective for farmers, retailers, consumers and the state. If fuel prices rise, retailers may be forced to increase their costs and pass those on to consumers.

*'Let's make sure our unified voices are heard in Harrisburg.'*

Dan Pastor  
PCSC Chairman  
GetGo from  
Giant Eagle  
Pittsburgh, PA



## ...and PCSC Chairmen

Consumers were finally starting to get some relief as gas prices fell just below \$2 in early 2009. Corn and wheat futures have fallen more than 40 percent since last summer. This allowed retailers to go back to manufacturers and negotiate better deals on products.

While, food and gasoline prices dominated the news, the PFMA/PCSC government relations team spent many hours working with regulators to gain modifications to proposed bills that would have negatively impacted Pennsylvania retailers. Please review the legislative summary on pages 8-14 to learn more about their efforts in 2008.

Their work is made easier by electing supportive legislators into office. Our political action committee (PAC) is a vital ingredient to achieving those goals. FoodPAC is in the process of rebuilding and reinventing itself following the loss of some superb leaders. We commend the members who worked hard to run successful golf outings in central, northwestern and western Pennsylvania last year. We also thank those who participated in and donated funds to support the outings. To get involved, contact Melanie Horvath at 800-543-8207.

PFMA/PCSC continued to offer outstanding services to the membership in 2008. Our members benefit from the following services:

- Government relations & regulatory representation
- Communications — the Hotline newsletter, *Food Industry Advisor* contributions & web site
- Scanning Certification Program
- Responsible Tobacco Sale Certification Program
- Scholarships — Education Trust

- Business Services — MEMO and PCRS
- Pennsylvania Pharmacy Council
- Annual Conference and Seminars

The association staff supports several committees to gain member input on legislative and regulatory issues. PFMA/PCSC committees strengthen the association's position and help members to take action on issues by keeping them informed of the latest legislative and regulatory information. They also provide opportunities to share concerns and experiences that impact the entire industry.

PFMA/PCSC has formed the following committees to work on issues: Adult Beverage Task Force, Food Protection, EBT – Electronic Benefits Transfer, Legislative, Loss Prevention and WIC Task Force. If you would like to join a committee or attend a meeting, call the office and ask for Annette Knapp.

Now more than ever it's important to become involved with PFMA and PCSC. Let's make sure our unified voices are heard in Harrisburg.

A handwritten signature in black ink that reads "Scott E. Rutter".

Pennsylvania Food Merchants Association  
Rutter's Farm Stores

A handwritten signature in black ink that reads "Daniel H. Pastor".

Pennsylvania Convenience Store Council  
GetGo from Giant Eagle



Randy St. John  
Senior Vice President,  
Association Services

*'The most important service that we perform is government relations, providing representation both in Harrisburg and in Washington, D.C. on legislative and regulatory issues.'*

## Association Services Supports Members

The Association Services Division (ASD) continues to provide a variety of support activities for the Pennsylvania Food Merchants Association and Pennsylvania Convenience Store Council members.

The most important service that we perform is government relations, providing representation both in Harrisburg and in Washington, D.C. on legislative and regulatory issues. We also provide support at the local level when cities or counties create legislation which affects our members.

In 2008, the governor and state legislature already proposed a number of new legislative initiatives and regulatory changes which dramatically affect our industry. Many of these initiatives have the ability to be costly and burdensome for store operators. In these difficult economic times, it is hard to understand how retailers can absorb further cost increases or take backs from the state government.

This year, the governor's budget proposes to increase the cigarette tax by 10-cents, create a new tax on smokeless tobacco and other tobacco products (OTP) by 36-cents an ounce, rescind the 1 percent vendor allowance which retailers get for remitting sales tax, reduce the state's payback to the Leaking Underground Storage Tank (L.U.S.T.) Fund, and allow counties to increase the sales tax by 1 percent.

PFMA/PCSC's legislative staff will vigorously oppose these initiatives and working on other

legislative initiatives which could be, if modified slightly, acceptable or beneficial to retailers. Those would include an octane-testing bill that would ensure equity in the marketplace without adding additional fees for retailers and a certified food handler bill that would enhance food safety without creating new requirements for most retailers.

The government relations department also staffs numerous committees which allow industry professionals to discuss issues and concerns of mutual interest with their colleagues. PFMA's Loss Prevention committee allows security professionals to meet several times per year to share information regarding new advances in the loss prevention field. In 2009 the committee will be creating legislation that would strengthen penalties for Organized Retail Crime (ORC). The Food Protection committee also meets regularly and is developing an initiative to ensure and enhance successful communication between industry and state/federal agencies in the event of foodborne illness or natural disaster.

The WIC Advisory committee is working with the Pennsylvania Department of Health to ensure the smooth transition to the new food and vegetable requirement for WIC vendors. The positive relationship that exists between the food industry and the WIC program is unusual compared to other states where cooperation between the state and private industry is the exception rather than the rule.

Another important service provided by the ASD is the Annual Conference. Last year, PFMA and the Pennsylvania Convenience Store Council (PCSC) hosted the 7th Annual Food Industry Conference June 3-4 in Harrisburg.

PFMA's Loss Prevention Committee offered seminars on "Detention and Interview of a Suspected Shoplifter", Workplace Violence, "Crime Prevention Through Environmental Design, and an overview of certification programs available to LP professionals. Attendees also had the opportunity to learn in sessions about product recalls and composting. Secretary Tom Wolf, Pennsylvania Department of Revenue, Senator Jane Earll (R-Erie) and Representative Mike Turzai (R-Allegheny) squared off over the state's budget during a breakfast panel discussion.

Senator John Pippy (R-Allegheny & Washington) joined the industry in honoring military veterans during the annual conference dinner. Twenty-two veterans were on hand to accept the American Hero award and a citation from their local senator and/or representative. PFMA and PCSC also saluted the military by sending care packages to troops deployed overseas. In addition, four supermarket executive were presented with Lifetime Achievement Awards for their service to the industry. PFMA President David McCorkle presented the awards to Dennis Hopkins and Tim Reardon, Giant Food Stores; Norm Rich, Weis Markets, and Rich Savner, Pathmark.

The association also crowned the 21st Pennsylvania's Best Bagger Champion. Casey Hamilton became the first bagger from Acme Markets to win the title.

PFMA sponsors the Thomas R. and Laura Ridge Scholarship program annually where food industry youth compete for numerous \$2,000 scholarships. In 2008, PFMA awarded 36 scholarships from the 250 applications received.



PFMA President David McCorkle, right, congratulates Lifetime Achievement Awardees, from left, Tim Reardon, Giant Food; Norm Rich, Weis Markets; Rich Savner, Pathmark; and Denny Hopkins, Giant Food Stores.



Rep. Kate Harper and Senator John Pippy congratulate Sheldon Gray, Sunoco, on his American Hero Award.



Casey Hamilton, Acme Markets, won the 21st Annual Pennsylvania's Best Bagger Championship on June 4 at the annual conference in Harrisburg.

Association Services staff members include: Elizabeth Peroni, Director of Communications  
Jamie Overmiller, Executive Assistant  
Ellen Markle, Administrative Assistant





**PFMA's Government Relations Team:**

Randy St. John, Senior Vice President  
Association Services

Annette Knapp, Manager, Legislative Research

Melanie Horvath, Vice President,  
Government Relations

David McCorkle, President & CEO

## 2008 Legislative Issues Summary

### Alcohol Sales Reform

**Sheetz/PLCB Supreme Court Case** – The Malt Beverage Distributors Association's (MBDA) case before the state Supreme Court, which asks that the Pennsylvania Liquor Control Board (PLCB) be prevented from granting a liquor license to a Sheetz convenience restaurant in Altoona, has been heard and a decision has not yet been made. The court is tasked with deciding whether or not stores have to exercise the full extent of their license privileges by selling beer for on-premises consumption.

**Sixpacktogo.org/net Proposal** – Melanie Horvath has purchased two Internet domain addresses to use as a web site for the promotion of alcohol sales reform in Pennsylvania. After receiving direction from the PFMA board, Melanie issued an RFP to three firms from across the state for the development of a consumer oriented web site. The goals of the site are to raise PAC money, educate consumers and create an advocacy component. Money raised will be earmarked specifically for the beer issue. The age-restricted site would also include a means for consumers to contact their legislators. Members have agreed that the grassroots portion of the beer campaign is equally as important as vetting legislative proposals in Harrisburg. Consumers must be urged to contact their legislators to let them know they want beer sales availability in convenience stores and supermarkets. The alcohol sales reform campaign proposed by PFMA in the spring of 2008 would offer a social network to activate consumers.

**Wine Dispensing Kiosks** – In the spring of 2008, the PLCB advocated for the installation of biometrically-equipped wine dispensing kiosks in an estimated 100 grocery stores across the state. The machines would have been licensed to the PLCB, whose employees would stock and monitor them. The machines would carry about a dozen different wines and hold up to 500 bottles, and opaque windows would prevent minors from viewing the bottles. To use the machines, customers would have to register at the supermarket. The kiosks would not be staffed, but PLCB employees at a remote location would track purchases and identification numbers etched on the bottles would make it possible to trace them back to the buyer.



### Biofuels Mandate

In 2008, the legislature sent a three-bill package to Governor Ed Rendell authorizing the borrowing of \$500 million to invest in energy projects and mandating alternative fuels at the pump. Alternative fuels mandate legislation, HB 1202, authored by Rep. Mike Gerber (D-Montgomery), would require gasoline and diesel stations to meet content requirements for cellulosic ethanol and biodiesel, once in-state production reaches a certain level. Governor Rendell signed Act 78 on July 10, 2008 and the biofuel percentage requirements established under the new law go into effect once in-state production achieves the following goals.

All diesel fuel sold at retail must contain:

- 2 percent biodiesel, once in-state production reaches 40 million gallons;
- 5 percent biodiesel, once in-state production reaches 100 million gallons;
- 10 percent biodiesel, once in-state production reaches 200 million gallons; and
- 20 percent biodiesel, once in-state production reaches 400 million gallons.

All gasoline sold at retail must contain:

- 10 percent ethanol, once in-state cellulosic ethanol production reaches 350 million gallons. (Cellulosic ethanol is still in the research stages, but would be produced from switch grass and other types of agricultural waste.)

The law also calls for the Departments of Environmental Protection (DEP) and Transportation (PennDOT) to make a joint certification on whether there is sufficient infrastructure at least six months before a mandate would go into effect. If the infrastructure is lacking, the mandates could be delayed.

Governor Rendell recently announced during the 2009 Pennsylvania Farm Show that within one year, every gallon of on-road diesel fuel sold in the state will contain at least 2 percent biodiesel because Pennsylvania's biofuel producers have reached the first critical threshold established by the alternative energy law. The first biodiesel threshold — 40 million gallons produced in-state on an annualized basis — was achieved in September, triggering the mandate. Each of these production levels must be sustained and verified over a three-month period by the state Department of Agriculture.

Finally, the legislature sent the governor Special Session Senate Bill 22, which contained incentive subsidies for the in-state production of biodiesel. The bill, signed into law on July 10, provides a subsidy to in-state biodiesel producers at the rate of 75 cents-per-gallon, capped at \$1.9 million per producer.

PFMA has maintained that this venture needs to be cost effective for farmers, retailers, consumers and the state. As mandates are instituted, retailers may have to increase their costs, which will be passed on to the consumer. If gas prices rise, it will also lead drivers to surrounding states should Pennsylvania be burdened with a higher gas tax.

# 2008 Legislative Issues Summary

## Budget Proposals

### 2008-09 Budget

The governor signed the state's compromise \$28.26 billion budget bill on July 4, 2008. The House vote followed a debate in which Republicans warned that the budget plan recklessly increased spending in the face of an economic downturn, putting the state at risk for a tax hike for the following fiscal year. The budget kept the Rainy Day fund intact, held spending at 3.98 percent, raised no taxes or fees (including cigarette taxes), and kept the Capital Stock and Franchise Tax (CSFT) phase-out in place.

Despite overwhelming support from the business community, the budget did not include movement on two targeted tax reductions — elimination of the cap on Net Operating Losses and the adoption of a Single Sales Factor apportionment formula for the Corporate Net Income tax. The CSFT phase-out, a policy change that was originally implemented during the Ridge administration and a reduction that was already scheduled to occur, was the only move made to improve the state's business climate.

### 2009-10 Budget

The 2009-10 proposed budget announced on February 4, 2009, includes \$26.6 billion in taxes, fees and surpluses, \$2.4 billion in federal stimulus money and no increase in income or sales taxes. Additionally, the proposal would transfer \$375 million from the "rainy day" contingency fund and \$350 million in surplus money from the medical malpractice fund to shore up the estimated \$2.3 billion general fund shortfall.

Under the governor's proposal, spending will be up between 5 and 10 percent for aid to low-income adults, the disabled and neglected children, public schools, corrections, debt payments and higher education tuition aid. Budget cuts are anticipated for Community and Economic Development Department grants and other aid to local governments, community organizations and businesses, 13 percent less funding for the Health Department and 5 percent less for higher education institutions.

Governor Rendell has included an increase in the state cigarette tax by 10 cents per pack to \$1.45. This tax increase would take effect on July 1 and would be expected to raise \$61 million. This is on top of the mandated 61 cent per pack increase that will subsidize the federal SChip children's health care fund. The proposal would also eliminate the transfer of cigarette tax

revenue to a special fund that helps doctors and hospitals pay their medical malpractice bills and would free up \$199 million in extra revenue for the general fund.

The proposal also includes a new tax on other tobacco products, including cigars, snuff and pipe tobacco at a rate of 36 cents per ounce for smokeless and loose tobacco and 36 cents per 10 cigars or cigarillos. Pennsylvania is the only state in the nation that does not tax those products. Effective on October 1, the tax would generate an estimated \$38 million by the end of the fiscal year in June 2010.

In addition, among the larger cuts would be next year's repayment on the Underground Storage Tank Indemnification Fund (USTIF) loan, which would be decreased by 87.5 percent, or \$7 million. The Schweiker administration borrowed \$100 million from the fund in 2002 to help balance the state budget, and the debt was to be paid off at a rate of \$10 million per year for 10 years.

Governor Rendell is also proposing that counties be allowed to assess an additional 1 percent tax above the state's 6 percent sales tax. The counties would split the money 50 percent with cities that are suffering financially.

A controversial provision in the budget plan calls for eliminating a discount that allows retailers to keep 1 percent of the money they collect from the state's 6 percent sales tax if they pay the rest to the state on time. Effective July 1, this is expected to generate \$75 million.

The only silver lining: the governor does propose to continue the phase-out of the capital stock and franchise tax (CSFT).

While PFMA is in favor of the continuing phase out of the CSFT, members do not support the institution of a higher cigarette tax or new taxes on other tobacco products. Additionally, food retailers are not interested in burdening consumers with higher sales taxes at the county level while the state is suffering from a recession. Finally, the loss of the 1% commission from sales tax collection services would also be a detrimental financial loss. PFMA staff will work with other business groups to ensure that these proposals do not remain part of the final budget plan.

## Cell Phone Logs

In April 2008, Rep. Eddie Pashinski (D-Luzerne) introduced anti-crime legislation (HB 2371 and HB 1371) that would require retailers to keep a registry of customers purchasing prepaid cellular telephones with cash. Those purchasing three or more prepaid cell phones or purchasing a single phone with cash would need to provide two forms of identification and retailers would have been required to maintain that information and provide it to the state police on a quarterly basis. This legislation died in the House Judiciary committee at the end of the 2007-08 session.

## Chemical Trespass

In the fall of 2008, an environmental group began pushing East Berlin Borough to pass an ordinance making parties liable if chemicals they release "trespass" into another person's body. Petroleum products are listed within the proposed language as toxic or potentially toxic substances. This ordinance would affect farmers, manufacturers, and service stations that release vapors into the air. PFMA continues to monitor any movement of this onerous legislation in 2009.

## EBT

In 2008, the Department of Public Welfare (DPW) came under fire from the state legislature to find a way to prevent Electronic Benefit Transfer (EBT) recipients from being able to purchase tobacco products with their Supplemental Nutrition Assistance Program (SNAP) benefits. PFMA staff met with Rep. Reed (R-Indiana) to discuss the issue.

Rep. Reed currently has a bill in place that calls for Pennsylvania Liquor Control Board (PLCB) stores to block alcohol purchases at the point of sale

## Credit Cards

On June 5, late in the 110th Congressional session, Senator Richard Durbin (D-IL) introduced the federal Credit Card Fair Fee Act (SB 3086), companion bill to HR 5546 that addressed interchange fees. The House version was introduced in March 2008 by Rep. John Conyers (D-MI) and Chris Cannon (R-UT) and had received bipartisan support. Pennsylvania cosponsors included: Rep. Chris Carney (PA-10), Rep. Phil English (PA-3), Rep. John Peterson (PA-5), Rep. Todd Platts (PA-19), and Rep. Bill Shuster (PA-9).

This bill would enable retailers to negotiate reasonable and competitive interchange transaction fees with Visa, MasterCard and financial institutions. Both pieces of legislation sought to stop the price fixing of interchange fees and institute a transparent, market-based approach where retailers get a seat at the negotiation table.

PFMA encouraged members to contact their federal legislators to support these initiatives. Unfortunately, there was not enough time available to carry out their passage before the end of session. This initiative will be re-addressed in 2009.

with an EBT Access Card. While Rep. Reed would like to expand his legislation to include food retailers on the tobacco side, it was noted that ACCESS cardholders have the ability to withdraw cash from ATM machines to purchase whatever they desire. PFMA members have been asked for information regarding the costs to implement a technological solution which would prevent the purchase of cigarettes with EBT cards. PFMA staff continues to monitor developments on this issue.

# 2008 Legislative Issues Summary

## Electric Rate Caps

It is estimated that Pennsylvanians could see increases in their electric bills of 40 to 60 percent by the time decade-old rate caps expire in the next couple years, including seeing according to the state's utility consumer advocate, Sonny Popowsky:

- Allegheny Power: a 63 percent increase;
- Metropolitan Edison: a 54 percent increase;
- Peco Energy: an 8 percent increase;
- Pennsylvania Electric: a 50 percent increase; and
- PPL: a 37 percent increase.

The Public Utility Commission (PUC) is backing several measures to ease the burden, including shifting more usage to off-peak hours, phasing in the cost increases over time and forcing transmission companies to change the way they buy energy.

### Rate Caps Expire:

Pennelec on January 1, 2011;  
Allegheny Power on January 1, 2011;  
Med-Ed on January 1, 2011;  
PPL on January 1, 2010; and



PECO on January 1, 2011.

Legislative efforts to soften the financial blow on this issue failed in the General Assembly last year. Legislators could not reach a consensus on whether the rate caps should expire or what electric companies should be required to do to lessen the shock to their customers. At a hearing on February 5, 2009, electric industry representatives and consumer and environmental advocates discussed two main options for phasing in the rate caps, both of which have been used in other states that have undergone a similar transition. One option is to gradually raise rates after the cap expires, deferring the higher rate and repaying the difference later. Under this plan, substantial rate hikes could be put off a few years in favor of smaller, incremental increases. Another less appealing option is to phase in the increase before the rate caps expire, in what is known as a voluntary prepayment plan.

PFMA is hosting a seminar on how to save money in the face of the looming price hike at the May 20, 2009 PFMA annual conference titled "Watts Up With Electricity?" from 1:15 – 2:45 p.m.

## Emergency Preparedness

In 2008, PFMA began collaborating with the Pennsylvania Department of Agriculture (PDA) and the Pennsylvania Emergency Management Agency (PEMA) on the development of a Food Distribution Emergency Response Plan which will detail the appropriate processes, procedures and communication protocols to integrate the private food distribution sector into a coordinated all-hazards emergency response and recovery plan during an incident of state or national significance ensuring the availability and orderly flow of critical food supplies, pharmaceuticals and commodities for maintaining stability, public safety and confidence.

Upcoming plans include conducting coordinated response plan training with the private food sector, emergency response and sector specific agen-

cies at the state and local levels, and coordinating with PDA and PEMA to develop an exercise involving the private food distribution sector and state agencies to test critical aspects of the food distribution coordinated response plan.

The PDA is working with PFMA in regard to disseminating weather event and emergency travel alerts. Annette Knapp will now receive alerts when PDA is activated at the PEMA emergency operations center and will forward the alerts to specific PFMA members. We are currently working to obtain electric grid restoration updates as well. Please contact Annette Knapp at [aknapp@pfma.net](mailto:aknapp@pfma.net) with your staff contacts who should receive these forwarded updates.

## Food Safety

On July 17, 2007, the state House passed HB 1422, which included changes to Pennsylvania's food safety laws that would update licensing fees, institute re-inspection fees, call for a certified food handler to be on staff during all hours of operation - with some exceptions, and other measures. For conducting a follow-up inspection to determine whether or not a noncompliant condition that was discovered on a prior inspection had been corrected, the following new fees would have gone into effect:

- For a second follow-up inspection: \$150;
- For a third or subsequent follow-up inspection during the licensure period: \$300; and
- For conducting an inspection that is not otherwise required by the department, but that is conducted at the behest of a licensee: \$150.

PFMA staff worked with the Pennsylvania Department of Agriculture (PDA) to encourage using risk-based factors when assigning the required number of food handlers at an establishment and the number of hours they must be present.

Using risk factors, convenience stores with limited food handling and shifts selling properly labeled prepackaged foods may have been classified as lower risk than a grocery store or restaurant carrying out full scale and round-the-clock food preparation. The bill would have exempted facilities that handle and sell properly labeled commercially pre-packaged food during the shifts when only commercially pre-packaged food is sold.

If the bill would pass, the state no longer dictates training hours or procedures and would allow stores to train their own staff just as long as the employee passes an approved certification test. The proposed bill may have also allowed for an extended inspection period that would be based on the level of risk. For instance lower risk convenience stores could be inspected every two years.

In 2008, PFMA requested that the bill be modified while it sat in the Senate Appropriations Committee. The following changes were requested:

1. Change terminology from "present at" to "accessible to" in regard to the facility's certified food handler;
2. Restore the fines to the reduced level originally established by the House; and
3. Statewide preemption — set the state food code as the ceiling rather than the floor for county and local health department regulations not under the state's jurisdiction.



The bill died in the Senate at the close of the 2007-08 legislative session.

This legislation (formerly known as HB 1422) resurfaced on January 30, 2009 in the form of HB 174, introduced by Rep. Carroll (D-Luzerne). While the bill includes risk-based provisions based on FDA guidance, PFMA will continue to call for the aforementioned changes and continue to press for statewide preemption on food safety issues in 2009.

Beginning September 8, 2008, the Pennsylvania Department of Agriculture (PDA) began pursuing financial penalties against food establishments that fail to meet the requirements of the current Food Employee Certification Act (FEC Act). The civil penalty amount was \$300 for first-time violators.

The current FEC Act requires (with several exceptions) that a food establishment employ at least one person who both: (1) has supervisory authority; and (2) holds a food employee certificate issued by PDA. The certificate is evidence the certified supervisory employee has successfully completed a food safety training program approved by PDA.

# 2008 Legislative Issues Summary

## Food Waste Ban

The Department of Environmental Protection's (DEP) Solid Waste Advisory Committee (SWAC) Disposal Ban Subcommittee was formed in April 2008 to focus on a major goal of the municipal and residual waste regulatory revision effort — to divert valuable resources from the waste stream for re-use and recycling by streamlining requirements and adding commodity disposal bans. The subcommittee was charged with developing a process by which to determine whether specific commodities should be banned, and recommending regulatory language, in an effort to increase recycling and reduce materials being disposed.

At its September 11, 2008 meeting, subcommittee members and attendees discussed and agreed to present the recommended protocol for evaluating materials potentially subject to a commodity ban. In development of the protocol, eight materials were used for testing purposes: paper, metal cans, #1 and #2 plastics, glass, electronic waste, mercury-containing devices,

source-separated food waste and yard waste. These materials will be re-evaluated under the final protocol, which provides a more detailed analysis, before any disposal ban recommendations are made and considered by SWAC as a proposed regulatory amendment.

As of November 6, 2008, according to the SWAC subcommittee meeting minutes, "John Frederick, executive director of Professional Recyclers of Pennsylvania (PROP), said that PROP conducted a survey on the support of bans. The survey showed support for bans in general, with the exception of food waste. The concern regarding food waste was that the infrastructure does not exist."

PFMA staff continues to monitor any movement of the SWAC food waste ban proposal in 2009.

## Gift Cards

Representative Robert Godshall (R-Montgomery) proposed two gift card bills in 2008. HB 2736 would have removed gift cards and gift certificates from the abandoned property laws so that they would no longer escheat to the state. HB 2737 proposed that gift cards and gift certificates cannot contain an expiration date of less than 5 years, nor can they charge any kind of fees before the card expires.

The upside of the proposal was that after five years, the cards could expire and retailers would be free to keep the remaining amount. The downside was that retailers would not be allowed to charge any fees before the expiration date scheduled five years out.

The bill contained other restrictions on gift cards and gift certificates. It would be illegal to: a) Refuse to redeem the gift certificate and apply it to the purchase price of the goods or services if the value of the gift certificate or remaining balance of the gift certificate is less than the purchase price of

the goods or services; b) Fail to disclose the terms and conditions of a gift certificate; and c) Fail to conspicuously print the terms and conditions on the gift certificate.

The current gift card law outlines that gift cards or certificates that are more than two years past their expiration date are considered abandoned and become unclaimed property which must be turned over to the state's unclaimed property division. However, currently, a "qualified" gift card or gift certificate is exempt from escheatment to the state treasury.

A "qualified" gift certificate would be a gift card or gift certificate that does not have an expiration date or carry any fees. Retailers who use gift cards or gift certificates with expiration dates or fees are still able to use them, but any unused balance would escheat to the state.

PFMA has not taken a position on this issue as of publication.

## Health Care

On March 11, 2008 the Pennsylvania House Democrats announced a health care plan that would have served as an alternative to Governor Rendell's Cover All Pennsylvanians (CAP) plan proposed earlier in the year. The governor's proposal would pick up the cost of health care for low income Pennsylvanians by charging employers and raiding the MCare Fund, a program which pays for malpractice insurance for doctors. The House Democrats plan, titled Pennsylvania Access to Basic Care (ABC), was in some ways similar to CAP but would have extended health insurance to the low income uninsured through the state's Adult-Basic program.



A proposed 10-cent-per-pack hike in the state cigarette tax and a new 36-cent-a-unit tax on cigars and other tobacco products was expected to bridge the funding gap in the House-passed plan according to a financial analysis done for the state budget office. Former budget Secretary Michael Masch said the two taxes would have generated \$114 million in 2009 and \$121 million by year five, when the legislation envisioned enrolling 272,000 uninsured Pennsylvanians.

PFMA and other state business groups opposed the health care plans on the grounds of the payroll tax and the proposed tobacco tax increases involved. No health care proposals managed to be passed in 2008.

## Idling

On October 9, 2008, Governor Rendell signed SB 295 into law which is known as the Diesel-Powered Motor Vehicle Idling Act. In addition to placing restrictions on the idling of diesel-powered vehicles with a gross weight of 10,001 pounds or more, the Act required landlords to comply with signage requirements and imposed liability for violations of the Act on owners and operators of locations where vehicles load, unload or park or who cause or allow the engine of the vehicle to idle for longer than five minutes in any continuous sixty minute period. The Act took effect on February 6, 2009, and except in limited circumstances, preempts all local ordinances and rules regarding the subject matter of the Act.

The provisions of the Act do not apply in certain situations such as: (a) When a vehicle must idle to operate defrosters, air conditioners or similar equipment to prevent a safety or health emergency or to comply with manufacturers operating requirements, specifications and warranties, and (b) When idling of a primary propulsion engine is necessary to power work-related mechanical, safety or electrical operations other than propulsion.

When idling is necessary for sampling, weighing, active loading or unloading or for an attended motor vehicle waiting for sampling, weighing, loading or unloading, a vehicle may idle for up to a total of 15 minutes in any continuous 60-minute period.

The Act requires owners or operators of locations where vehicles subject to the Act load or unload or which provide fifteen or more parking spaces for such vehicles, to maintain a permanent sign informing drivers that idling is restricted. The sign specifications have been posted to the PennDOT web site. In addition, manufacturers of the signs must be PennDOT approved.

Any individual who violates the Act shall be fined at least \$150 but not more than \$300 in addition to court costs. Further, the Pennsylvania Department of Environmental Protection (DEP) may assess civil penalties for violations.

# 2008 Legislative Issues Summary

## Gasoline Sales

**Debit Card Holds** – On May 7, 2008, Representative Joseph Preston (D-Allegheny) agreed to pull HB 869, legislation which would have mandated the announcement of debit card hold policies in a conspicuous place, from consideration in the House Consumer Affairs Committee. The bill called for a notice alerting consumers that their debit or credit cards may be subject to a hold and an estimate of the amount of the hold either in dollars or as a percentage of their total purchase. It also called for the removal of a hold within forty-eight hours of its placement. PFMA teamed up with banks, hotels and other business groups to express concern about the bill.

**Prepay Gas Policy** – In May 2008, PFMA was contacted by the state Bureau of Weights and Measures at Governor Rendell's request regarding policy changes that would allow retailers to offer discounted gasoline sales for cash payments. The following statewide, uniform guidance is a revision in policy to make it easier for retailers to offer cash discounts for gasoline and diesel sales:

"The typical retail motor fuel purchase entails the consumer paying either: (1) a single cash/credit price at the pump, with that single price advertised on the street signage; or (2) different prices based upon whether the purchase is by cash or credit, using dispensers which electronically display both of these Price Per Units (PPU's), and which provide the consumer the ability to select the method of payment at the dispenser by use of payment selection controls (cash, credit, etc...), with the street signage displaying cash price, credit price, or both, appropriately stated.

In Pennsylvania, it is acceptable practice to sell gasoline and other motor fuels by use of a dispensing device that has a single PPU display with dual pricing where any of the following is accurate:

1. The consumer may select the method of payment at the dispenser and, when cash is chosen, the PPU resets - displaying the lower cash price on the dispenser - prior to the start of delivery.
2. The consumer may prepay cash for the transaction and, when the prepayment is made, the PPU is reset - displaying the lower cash price on the dispenser - prior to the start of delivery.

The following additional requirements are applicable to the acceptable practices described above:

1. If there is street signage, it must display the higher credit price.
2. Any additional street signage may state a cash price or a cash discount.
3. The dispenser PPU must reset to display the higher credit price immediately upon completion of the transaction, defined as the time the delivery has been terminated and payment settled. If the sale is prepaid, delivery is considered terminated after the handle is in the off position.
4. A printed receipt generated from the system with the establishment, date, product, total units delivered, correct price per unit delivered and total price must be available to the consumer at the conclusion of the transaction.

It has been and remains an improper practice to add a credit surcharge to the total cost of the fuel purchased – only discounting is allowable."

**Hot Gas** – The National Institute of Standards and Technology (NIST) continues to consider whether or not to recommend that temperature controlled gas pumps be permitted. The state of California issued a report that shows that automatic temperature compensation devices would increase costs for the public. The report shows that there would be a net negative impact on consumers. PFMA will continue to monitor the National Council of Weights and Measures discourse on this issue.

**Shut-Off Valves** – Last fall PFMA reviewed proposed legislation that would allow convenience stores to locate gas pumps more than 125 feet from the pump shut-off valves. That proposed bill would accomplish this by allowing the Pennsylvania Department of Labor & Industry (DOL) to create variances on a case-by-case basis. That bill was never moved.

In early 2009, an entirely different bill, which would also allow stores to expand their footprint, was introduced. This bill models what other states have done by using a federally recognized National Fire Protection Association (NFPA) standard which permits the use of multiple emergency shut-offs.



PFMA will work with members to develop a position on new shut-off valve legislation.

**Octane Testing** – Last June, the state House of Representatives passed HB 684 which created an octane-testing program. In its original form, the program would have allowed consumers to take legal action against retailers who sold gasoline which was inappropriately labeled and also would have charged retailers a fee per dispenser to fund the inspection program. The bill sat in the Senate Consumer Protection and Professional Licensure Committee for almost a year. The bill had since been revised by removing the fees for retailers and the provision regarding civil action. The bill passed the House on June 30, 2007 and on June 27, 2008 the bill was referred to the Senate Appropriations Committee where it died upon lack of further movement.

On January 30, 2009, the bill was reintroduced without including the aforementioned fees by Senator Stewart Greenleaf (R-Montgomery) as SB 138. If passed, a statewide automotive fuel testing and disclosure program would be implemented and would provide for the annual testing of automotive fuel on a random, unannounced basis anywhere that automotive fuel is sold. If the octane level of the reading does not match the octane rating as displayed on the fueling dispenser, inspectors are to mark as rejected the dispensing system, storage tank or other dispensing device from which the sample was obtained. The department may immediately seize and seal the dispensing system, storage tank or other dispensing device. The department would follow up by initiating criminal proceedings, issuing a citation and a stop-sale notice.

The department may advise the retailer or distributor that the automotive fuel must be blended with another automotive fuel to bring it into compliance, provided that the product does not endanger public health or adversely affect the emissions characteristics of the motor vehicles in which it is used.

The department may also reinspect the automotive fuel dispensing system, storage tank or other dispensing device to determine compliance. The retailer, distributor, producer or refiner that owns the system or device which has been sealed shall provide documentation of the corrective action taken, including any applicable shipping papers or bills of lading showing the disposal or final disposition of the automotive fuel and any other information necessary to permit the department to audit and confirm that the corrective action was as previously approved by the department.

The department may assess a civil penalty of not more than \$5,000 upon a retailer who sells automotive fuel from any dispensing system which has not been labeled correctly or who sells fuel which does not meet the required standards, or who sells fuel which has been contaminated.

### Philadelphia Level – Petroleum Processing Tax

On February 5, 2009, Philadelphia City Councilmen Frank DiCicco and James Kenney introduced a proposed ordinance entitled the petroleum processing tax. The tax would be measured by the number of barrels of petroleum processed in a refinery located within Philadelphia's city limits at the rate of thirty-five cents per barrel. PFMA opposes this legislation.

# 2008 Legislative Issues Summary

## Labor

Under HB 2400, introduced by Rep. Bryan Lentz (D-Delaware), employers would no longer be able to misclassify their workers as independent contractors to avoid paying state and federal taxes and workers' compensation premiums.

The state House passed the bill on June 9, 2008. It would have established that individuals who perform services in the construction or commercial carrier industries are employees of the party that pays their wages, unless it can be shown to the satisfaction of the Department of Labor (DOL) that they have been and continue to be free from the direction and control of their employer; that the service performed is outside the usual course of business of the employer; and that they are customarily engaged in an independently established trade, occupation, profession or business.

The bill would have made intentional misclassification of an employee a third-degree felony and impose fines. Misclassification due to negligence would be a summary offense with fines. PFMA opposed this legislation and the bill died in the Senate Labor and Industry Committee.

## Menu Labeling

Despite objections from PFMA, the Pennsylvania Restaurant Association (PRA), and the Greater Philadelphia Chamber of Commerce, the Philadelphia City Council passed an amended version of a proposed menu labeling ordinance on November 6, 2008. Currently, the only other U.S. locations that have similar laws are the city of New York and state of California.

The city council voted 12-5 in favor of Councilwoman Blondell Reynolds Brown's ordinance (080167) that will make menu labeling mandatory beginning January 1, 2010. Chain restaurants and retail establishments with fifteen or more locations nationally will have to disclose nutrition information such as calories, fat grams, carbohydrates, and sodium count on their menus. Restaurants that use menu boards or tags need to show only calories per item. Reynolds Brown's recent amendments clarify that custom or special orders will not be covered.

"City Council staff have repeatedly told PFMA that supermarkets and grocery stores are exempt from the ordinance," says PFMA's senior vice president Randy St. John.

Patrick Conway, PRA president, said the ordinance offered restaurants no flexibility in how the information is displayed. Under the bill, the information must be presented in a size and typeface similar to price and food description.

The Philadelphia Board of Health may approve a variation in the method of presentation of the required nutrition information. PFMA will disclose details of the variation as soon as they become available.

## Plastic Bags

**Philadelphia Level** – In 2008, Philadelphia City Council members were considering action on an ordinance mandating that shopping bags be compostable or reusable. A coalition was formed, spearheaded by Philadelphia retailers and Penn Jersey Paper, to develop more active recycling and anti-litter campaigns.

On February 5, 2009, Philadelphia City Councilmen Frank DiCicco and James Kenney re-introduced proposed ordinance 090074 which calls for the mandatory use of recyclable and compostable checkout bags for supermarkets with gross annual sales of two million dollars or more and pharmacies with at least five locations under the same ownership within the geographical limits of Philadelphia. Penalties run from \$100 to \$500 per violation and the ordinance would take effect 6 months after final passage.

Also introduced on February 5, 2009, is proposed ordinance 090075, also sponsored by Philadelphia City Councilmen DiCicco and Kenney, which calls for all grocery stores, drug stores and convenience stores to collect an "Advanced Recovery Fee" (Green Fee) of 25 cents per disposable shopping bag provided to customers. All stores would have to indicate on the sales

## Loss Prevention

In 2008, PFMA's Loss Prevention Committee began studying state and federal proposed legislation to use as a basis for introducing Organized Retail Theft (ORT) and fencing bills here in Pennsylvania. ORT is a rapidly growing problem in which professional crime rings travel from area to area to steal large quantities of merchandise from multiple stores. Several stakeholder meetings took place throughout the year to get the initiative off the ground.

Pennsylvania's Anti-Organized Retail Theft Act will target highly sophisticated gangs that steal more than \$30 billion in merchandise from national retailers annually. According to the Food Marketing Institute (FMI), Pennsylvania loses approximately \$81 million in sales tax revenue each year due to ORT and fencing. The domino effect of losses increases the cost of products to consumers in an already tight economy. These criminals endanger public health by adulterating products such as temperature-sensitive infant formula and diabetic testing products as well as cold medicines.

After gaining the support of the state Attorney General's Office in early 2009, PFMA will work with a Pennsylvania legislator to introduce legislation that goes beyond standard shoplifting to criminalize ORT and fencing.

The introduction of this legislation will be a major accomplishment of the PFMA Loss Prevention Committee. PFMA members have been working collaboratively with the Pennsylvania Retailers Association to accomplish this goal.

## Polystyrene Containers

**Philadelphia Level** – On September 20, 2007, Philadelphia Council Members James Kenney and Frank DiCicco introduced a bill (070672) that forbade retail food vendors such as grocery stores from selling prepared food in disposable food service ware that contained polystyrene. A hearing was held on this issue on October 24, 2007. According to the Philadelphia Health department, the proposed ordinance was considered too cumbersome and the ordinance saw no further action.

On February 5, 2009, city council once again reintroduced this legislation in the form of proposed ordinance 090064, entitled the Food Service Waste Reduction Ordinance to prohibit the use of disposable food service ware that contains polystyrene foam and to require the use of biodegradable/compostable or recyclable disposable food service ware by food vendors in Philadelphia. To aid in the transition to new materials, the city's Director of Sustainability would develop a list of suitable and affordable biodegradable/compostable or recyclable products available. Any person has the option to seek a one year waiver exempting them from the ordinance if they can prove the requirement creates an undue hardship. Penalties for violating the ordinance would range from \$200 to \$500.

PFMA will oppose this proposed ordinance.

receipt the number of disposable shopping bags provided and the total number of green fees charged. Stores with annual gross sales of less than one million dollars could retain 100 percent of the total amount collected. Stores with sales in excess of that threshold would have to remit 75 percent of the total amount collected to the City of Philadelphia.

PFMA will oppose these ordinances.

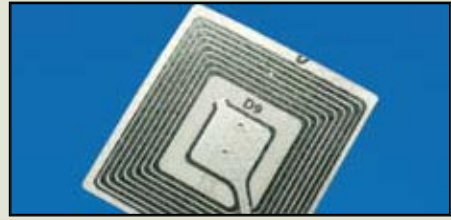
**State Level** - On January 28, 2008, Rep. Lisa Bennington (D-Allegheny) had introduced a plastic bag bill (HB 2198) on the state level. According to a media report, Rep. Bennington planned to offer an amendment that, instead of trying to stop the use of non-compostable plastic bags, would mandate retailers to offer at-store recycling programs. The legislator who introduced the plastic bag ban did not run for re-election. PFMA will continue to act proactively to prevent a plastic bag ban.



# 2008 Legislative Issues Summary

## RFID

HB 992 and HB 993 would have created a definition for radio frequency identification (RFID) tags and mandated that RFID users announce by signage the use of the technology. A public hearing was held on this issue on October 10, 2008. Upon not seeing further action, the bills died in the House Consumer Affairs Committee by the end of December.



## Tobacco

**Clean Indoor Air Act** - Governor Ed Rendell signed the Clean Indoor Air Act into law on June 13, 2008, which prohibits smoking in most public places, including restaurants, workplaces and a portion of casino floors. Smoking outside of public buildings and restaurant deck areas was not addressed by the bill. The legislation, SB 246, prohibits smoking in a public place, workplace or commercial establishment and lists examples of what is considered a public place. The bill allows for some exceptions, including:

- Drinking establishments where food is 20 percent or less of annual sales;
- A designated outdoor smoking area at a sports or recreation facility or theater;
- Private clubs;
- Up to 25 percent of the rooms in lodging establishments and all rooms at full-service truck stops;
- Up to 25 percent of a casino floor, and up to 50 percent if a casino can prove to the state Department of Revenue that the smoking ban is harming its business;
- Nursing homes, adult-care facilities, drug and alcohol treatment facilities and mental health care facilities;
- Private residences and private vehicles, unless the residence or vehicle is being used for child care or adult care services;
- Cigar bars that are connected/adjacent to a tobacco shop or where tobacco-related products total at least 15 percent of annual sales;
- Tobacco shops – where a business establishment whose tobacco and tobacco product sales comprise at least 50% of the gross annual sales (does not include a stand-alone kiosk or establishment comprised solely of cigarette vending machines); manufacturers, importers and wholesalers of tobacco products; manufacturers of

tobacco-related products; and

- Tobacco-promotion events, or fund raisers for nonprofit and charitable organizations where cigars are featured.

The CIAA requires that no smoking signs - or the international no smoking symbol which consists of a pictorial representation of a burning cigarette in a circle with a bar across it - must be prominently posted and properly maintained at all entrances to facilities where smoking is not permitted. The CIAA requires sales and use tax reports filed by location with the Department of Revenue for the preceding calendar year that verify the establishment had total annual sales of tobacco and tobacco related products, including cigars, pipe tobacco and smoking accessories, equal to or greater than 50% of the gross annual sales.

Violators can be fined up to \$250 for the first offense; up to \$500 for a second offense if it is within a year of the first; and up to \$1,000 for a third offense, provided it is within a year of the second. The bill took effect on September 11.

**Fire Safe Cigarettes** - Fire-safe cigarettes legislation, crafted by state Rep. Tim Solobay (D-Washington), was signed by Governor Rendell into law on July 4. House Bill 1612 requires that all cigarettes sold in Pennsylvania meet fire-safe standards as set forth by the American Society of Testing and Materials (ASTM). While the provisions of the bill took effect on January 1, 2009, HB 1612 requires that retailers only sell fire-safe cigarettes after July 1, 2009. This allows for a 6-month transitional sales window for retailers. Twenty states have passed legislation requiring the sale of fire-safe cigarettes.

## Transportation

The controversial I-80 tolling component of Act 44 of 2007 was not granted approval by the federal government, and the plan Governor Ed Rendell was touting as a superior option in funding transportation needs by leasing the Pennsylvania Turnpike did not garner any support in 2008. Rendell claimed the lease deal would have generated \$96 billion over the next 50 years, which is an estimated \$12 billion more than the \$84 billion the Pennsylvania Turnpike Commission said tolls on I-80 and Act 44 would have generated for the state's transportation needs.

Act 44 would have raised an estimated \$945 million through placement of as many as 10 toll gantries along I-80 in northern PA. The tolls would raise about \$500 million a year. In addition, the plan called for hiking existing Pennsylvania Turnpike tolls, starting with a 25 percent boost in 2009. The law was designed to raise \$83.3 billion over 50 years.

Governor Rendell's plan was to lease the 530.5-mile Pennsylvania Turnpike to a Spanish-American consortium for 75 years. The bid by Citi Infrastructure Investors, a unit of New York-based Citigroup Inc., and Abertis Infraestructuras de Spain would have yielded \$1.1 billion a year for highways, bridges and mass transit.

This was a spilt issue for PFMA members, as some would be financially harmed, while others would be unaffected by a turnpike lease. The House later defeated that proposal by a vote of 185-12.

On October 1, 2008 the announcement was made that with the legislature saying that it would not get to considering enabling legislation for a deal to lease the turnpike, the consortium interested in leasing the toll road had terminated its bid. The partnership between Abertis Infraestructuras of Spain and Citi Infrastructure Investors said that it was not going to renew its \$12.8 billion offer to lease the turnpike.

## Waste Management

Rep. Mario Scavello's (R-Monroe) HB 934 was introduced to allow counties to charge a fee on municipal solid waste that is generated and disposed of within county borders. The bill stated that a county could impose a charge of \$4 per ton as a recycling and waste management fee for five years and provisions allow for increases in subsequent years to account for inflation. Money generated would be deposited in a dedicated fund to be used exclusively for recycling and waste management activities, staffing or plan implementation.

The bill would allow trash haulers to pass along this "fee" to businesses and home residences. In the past, Pennsylvania courts had found the imposition of this type of waste tax to be illegal. House Bill 934 was voted favorably from the House Appropriations Committee, but died by year's end upon seeing no further action. PFMA opposed this legislation.

## WIC

PFMA's Retail Advisory Committee will continue their work with WIC officials to implement the changes to the food prescription, including the sale of fruits and vegetables. PFMA and WIC officials are actively meeting to see that the new federal requirement for fruits and vegetables is implemented in as efficient a manner as possible



# FoodPAC of Pennsylvania

At right, Senator Jane Earll (R-Erie) joins NWPFC Chairman Ron Weislogel, Weislogel's Food Markets, at the Northwestern Pennsylvania Food Council FoodPAC Golf Outing, July 21, 2008 at the Lawrence Park Golf Club, Erie, PA.



Thank you to all of the following committee members for your continued support of the Pennsylvania Food Merchants Association/Pennsylvania Convenience Store Council's FoodPAC fund-raising efforts.

## Central Pennsylvania FoodPAC Golf Outing

Scott Hartman, Chairman, Rutter's Farm Stores  
 Scott Karns, Karns Quality Foods, Ltd.  
 David McCorkle, PFMA  
 Chris Michael, Associated Wholesalers, Inc.  
 Tim Reardon, Giant Food Stores, LLC  
 Charles Yahn, Associated Wholesalers, Inc.

## Northwestern Pennsylvania FoodPAC Golf Outing

Ron Weislogel, Weislogel's Foods  
 Jack Greenberg, Old Country Store  
 Mark Chevalier, Meadowbrook Dairy  
 Jim Bello, Bello's

## Western Pennsylvania FoodPAC Golf Outing

Rudy Zupancic, Honorary Chairman, Giant Eagle  
 Joe Heisler, Chairman, Lebanon Shops Foodland  
 Dan McNabb, Co-Chair, Lebanon Shops Foodland  
 Vince Bianco, Wise Snacks  
 Tom Jamieson, Shop 'n Save & Save-A-Lot  
 Lou Krebs, SUPERVALU, Pittsburgh Division  
 Wayne Zupancic, Giant Eagle



Sue Lentz, retired PFMA executive assistant, surprised Tim Reardon, Giant Food Stores, left; Melanie Horvath and Randy St. John, right, PFMA, by joining them at the Central Penn FoodPAC outing on June 10 at the Hershey Country Club. More than 120 golfers braved the heat to raise money for the Pennsylvania food industry's political action committee.



Far left, Joe, Jordan and Dave Darrenkamp joined Charlie Yahn, Associated Wholesalers, Inc., in support of the Central Penn FoodPAC, June 10, 2008.

Western Pennsylvania Golf Committee Co-Chairman, Dan McNabb, Lebanon Shops Foodland, thanks Joe Maze, George Weston Bakeries, for coming out to support the outing on September 22 at the Chestnut Ridge Golf Club, Blairsville, PA.



The Scanning Certification Program was developed by a board of advisors, which continues to set policy and oversee all aspects of the program. The current members of the board of advisors are:

Edward D. Arnoldi  
Pennsylvania Association  
of Weights and Measures

Mary Bach  
Consumer Advocate

Murray Battleman  
Richboro Shop 'n Bag

Ken Deitzler  
Pennsylvania Department of Agriculture

Dean Ely  
Pennsylvania Association  
of Weights and Measures

Dr. Drew Hyman  
Pennsylvania State University

Ric LeBlanc  
Pennsylvania Office of Attorney General

David McCorkle  
Pennsylvania Food Merchants Association

Kevin Mullen  
SUPERVALU, Inc., Pittsburgh Division

Peg Rhodes  
United Food and Commercial Workers

Pattie Shekiro  
Acme Markets

Steve Swan  
Retailix

Association Services:  
Scanning Certification Program

## SCP Ensuring Price Accuracy

Since 1991, the Scanning Certification Program (SCP) has helped participating retailers provide price accuracy and appropriate pricing information to consumers in Pennsylvania and surrounding states.

The main goals of this voluntary price accuracy program are to clearly identify for customers the prices of all items in the store and to ensure that shoppers are charged the lowest advertised price at checkout.

Program guidelines require stores to adopt and advertise a price accuracy policy, provide employees with price accuracy training, document and correct errors promptly and ensure that shelf tags are accurate and legible.

SCP auditors conduct unannounced in-store inspections to measure compliance with program standards. Certification is awarded to stores that have implemented program requirements and achieve an accuracy rating of at least 98 percent on a random sampling of items.

The Scanning Certification Program provides public recognition to stores that achieve and maintain a high level of price accuracy. Adherence to program standards helps prevent overcharges that erode consumer confidence and undercharges that cost stores money. Certified stores also fulfill the Pennsylvania state requirement of Act 155 for the annual inspection of checkout scanning systems.

The program has grown significantly over the last 16 years. Membership increased from 10 study participants in 1991 to more than 1,650 supermarkets and convenience stores today. Inspection activity has also grown with a record 1,778 inspections performed last year.

Most importantly, the SCP is meeting its main goal of helping its members improve their price accuracy. Supermarket accuracy rose from 96.9 percent in 1991 to 98.23 percent in 2008. Convenience stores made strides too — improving overall average accuracy 1.03 percent since 2000.

Expanding enrollment and providing members with customized data analyses that enhance accuracy are ongoing priorities. Web site upgrades and a transition to electronic data capture and reporting in 2009 will assist the SCP in helping its members uncover and respond to price accuracy issues.

SCP has received national attention for its proactive approach to price accuracy. The staff and board of advisors have collaborated with various government agencies and industry groups, including the Federal Trade Commission, Food Marketing Institute and the Pennsylvania Department of Agriculture on the issues of price and scanning accuracy. The SCP is also recognized by the Commonwealth of Pennsylvania as an approved certifier for Act 155 price verification inspections.

*'The RTSCP has received national recognition for both its study of what happens at point-of-sale and its use of minors in compliance checks.'*

Missy Wellington  
RTSCP Program  
Manager



In 1999, at the request of Pennsylvania Food Merchants Association/Pennsylvania Convenience Store Council (PFMA/PCSC) members, Pennsylvania's Attorney General, Secretary of Health, Physician General, as well as representatives of regulatory and law enforcement agencies, tobacco-use prevention coalitions and retail companies held a series of meetings to discuss ways to improve compliance with tobacco sale laws. Association members recognized that statewide training and enforcement standards were needed to help retailers prevent tobacco sales to minors.

The result of the group's work was the creation of the Responsible Tobacco Sale Certification Program (RTSCP), which was incorporated in January of 2000. A Board of Advisors oversees the RTSCP and has as its members many of the people who developed the program.

Scott Hartman, Rutter's Farm Stores, is the board's co-chairman and Tim Reardon, Giant Food Stores, is secretary/treasurer. PFMA's Autumn Thomas serves as the program's president.

The goal of the RTSCP is to reduce the use of tobacco by minors by preventing the sale of tobacco products to anyone under 18 years of age. The voluntary program also aims to assure consumers and government officials of participating retailers' commitment to enforcing tobacco sale regulations.

The RTSCP establishes guidelines for member stores to follow aimed at preventing illegal tobacco sales and improving compliance with tobacco sale regulations. These "best practices" standards are detailed in the program's Operations Manual. Participating retailers must: 1) follow appropriate tobacco sales policies; 2) provide thorough training to clerks about tobacco sale

laws and procedures; 3) post signage in stores announcing no tobacco sales to minors; and 4) pass periodic, unannounced compliance inspections by RTSCP inspectors.

RTSCP compliance inspections are conducted by adult RTSCP inspectors who accompany secret shoppers, minors between the ages of 15 and 17, to each store. The youth secret shopper attempts to purchase tobacco while the adult inspector witnesses the transaction. Regardless of the outcome, the adult inspector gives immediate feedback to the clerk and manager, and conducts a brief interview of the clerk.

Inspection results and interview data are compiled and analyzed in an effort to better understand why clerks do or do not sell tobacco to minors. This feedback should enhance retailer best practices tobacco sale policies and training programs over time.

Certification is awarded to stores that have implemented program requirements and do not sell tobacco to the youth secret shopper during two consecutive compliance inspections. Stores earning certification undergo unannounced compliance inspections every six months.

RTSCP operations began in 2001. Current participating companies include: Bill's ShopRites, GetGo from Giant Eagle, Giant Food Stores, Handee Marts, Rutter's Farm Stores, Shipley Stores, Sunoco and Wawa.

The Pennsylvania Convenience Store Council, and the Norristown, Pennsylvania City Council have also endorsed the RTSCP.

To date nearly 26,000 tobacco sale compliance inspections have been

performed in member stores across Pennsylvania.

The RTSCP has received national recognition for both its study of what happens at point-of-sale and its use of minors in compliance checks. RTSCP has a vast database of compliance inspection information. Enhanced analysis of this and potential new data will be conducted to uncover, test and improve promising best practices.

Program manager Missy Wellington spearheads efforts to collaborate with other important organizations, such as local tobacco use prevention coalitions, the Pennsylvania Department of Health and the Responsible Retailing Forum, on preventing tobacco sales to minors.

In a May 2007 press release, the Pennsylvania Department of Health lauded its working partnership with the RTSCP as helping to reduce youth smoking.

"The drop in youth smoking rates and the significant decrease in the rate of illegal sales to our children can be credited to our partnership with tobacco merchants," said Secretary of Health Dr. Calvin B. Johnson. "Working with the merchants, illegal sales of tobacco products to minors dropped to 7 percent in 2004 and remains at this all time low rate."

Top priorities for 2009 include working with Dr. Lisa Ulmer of Drexel University to implement program enhancements and expand research efforts, developing a statewide retailer training protocol in conjunction with the Pennsylvania Department of Health and expanding enrollment.

Any retail company that sells tobacco is eligible to participate in the RTSCP. Stores will be charged an initial enrollment fee and separate on-site inspection fees for tests performed.



Melanie Horvath  
PPC Executive  
Director

*A major proposal in the last several budgets, billed as a cost savings for the state's Managed Care Program, failed for the third time in 2008. Legislators feared the carve-out would jeopardize the delivery of healthcare for too many of the state's residents.*

## PPC Overview of State Legislative Initiatives

The following is an overview of some of the several hundred bills introduced in the 2007-08 legislative session that would have directly impacted pharmacy.

**Audits (HB 1798)** – Rep. Mark Cohen's (D-Phila.) audit legislation was drafted with the intention of insuring fairness to the audit process. It passed out of the House Health and Human Services Committee but is currently in the House Appropriations Committee. While the bill wasn't passed, Cohen promises to re-introduce it next legislative session.

**Cancer Drug Repository Bill is Signed by Governor (SB 638)** – Legislation establishing a cancer drug repository program to help uninsured patients and those in need of access to safe, unused cancer medications will be available through a network of participating pharmacies and medical clinics. Early on, PPC amended the bill to ensure that the program was voluntary and that the drugs were kept in a closed network. A growing number of states have already established successful cancer drug repositories, such as Wisconsin, Colorado, Nebraska and Kansas.

**Carve Out of Prescription Drugs Fails for Third Time** — A major proposal in the last several budgets, billed as a cost savings for the state's Managed Care Program, failed for the third time in 2008. Legislators feared the carve-out would jeopardize the delivery of healthcare for too many of the state's residents. As demonstrated by the comments at public hearings, the plan is under scrutiny and in question by the policymakers as they fear the long-term impact on patients.

**Conscientious Objector Act (SB 1255)** - The Senate Public Health and Welfare Committee held a public hearing on Senate Bill 1255, the Conscientious Objection Act in mid-October. The purpose of the hearing was to hear testimony on the provisions of Senate Bill 1255, which would protect the rights of all health care providers and institutions to decline to counsel, advise, provide, perform, assist, or participate in providing or performing health care services that violate their consciences.

**Disposal of Drugs (HB 2073)** — State Representative Mike O'Brien (D-Phila) introduced legislation aimed at preventing discarded pharmaceuticals from contaminating Pennsylvania's water supplies. As written, the bill would have required pharmacies and other retailers of pharmaceutical products in Pennsylvania to have a system in place to allow consumers to safely drop off unused or unwanted pharmaceuticals so they can be disposed of properly, and to educate the public about the importance of disposing these products in a safe manner.

A meeting with stakeholders was held with O'Brien and staff. PPC suggested that the state consider expanding the municipal waste and recycling law to allow for the collection of prescription drugs.

**Epilepsy Generic Equivalent (HB 98)** — Legislation prohibiting a pharmacist from changing an anti-epileptic drug or formulation without the informed consent from the prescribing physician and patient, or patient's parent, legal guardian or spouse popped out of the House Rules Committee and into the House Appropriations Committee.

**Keystone Care Prescription Assistance Act (SB 1455)** — Senator Chuck McIlhinney (R-Bucks, Montgomery) introduced SB 1455, legislation creating the Keystone Care Prescription Assistance program in the Department of Public Welfare (DPW). The program is designed to enable low-income adults (ages 19-64) without prescription drug coverage to be linked to appropriate free or low-cost prescription assistance programs, would assist these individuals in the application process for such programs, and would create a registry of free prescription drugs provided by pharmaceutical manufacturers that are made available through community based health care clinics.

**Mail Order Meeting Held (SB 260)** – Late in 2008, a stakeholder meeting was held to determine if a compromise could be reached on SB 260, a mail order bill intended to level the playing field for community pharmacies. The various camps remain divided and that consensus was not reached before the end of the session.

**October 2008 Named Pharmacist Month (SR 387)** — Senator Shirley Kitchen (D-Philadelphia) connected Pennsylvania to the national campaign recognizing the importance of pharmacists in the healthcare arena when she introduced and passed SR 387.

**Pharmacy Technician Bills** — Despite pressure from the House Democrats and the administration, the Senate refused to budge regarding legislation that would mandate PA's pharmacy technicians take a nationally recognized pharmacy tech exam.

**Professional Disciplinary Orders and Fines – SB 147**, prime sponsored by Senator Robert Tomlinson (R-Bucks), empowers the Commissioner of Professional and Occupational Affairs to impose a civil penalty of up to \$10,000 per violation on any licensee, registrant, certificate holder, permit holder or unlicensed person who violates a lawful disciplinary order. The commissioner may also levy a civil

penalty of not more than \$10,000 per violation on any corporation, partnership, institution, association or sole proprietorship which aids and abets any individual in the unlicensed practice of a profession.

**Repackaging Bill (HB 2034) Enacted** — The Long-term Care patient access to pharmaceuticals bill, which allows a pharmacist employed by a long-term care facility or a pharmacy employed by or contracted with a long term care facility to repackage, re-label and dispense the drugs in a unit dose under certain conditions, was signed into law by the governor. Regulations are expected to mete out the intent of the legislation.

**Scope of Practice** – The scope of practice initiative, which was originally a stand-alone bill, was combined with pharmacy technician language negotiations with the chair of the House committee and prime sponsor. The expanded scope of practice language contained in the House Bill was agreed to by the major stakeholders who have previously opposed it. There are strong indicators that the Administration would like to expand the scope of practice for pharmacists.

**Uniform ID Badges for Healthcare Workers (HB 2727)** – The House Professional Licensure Committee (HPLC) held a public hearing at Drexel University in October to discuss HB 2727, legislation mandating the type of badge and information contained on the badge from font size to certification/registration numbers. The badge would be issued by the governing Board of the licensee upon renewal. The bill provides for exceptions and alternative badges.



Some supermarket pharmacies have hosted medication and disposal drives where consumers can bring in unused medication to be disposed of properly. The effort requires working in conjunction with local waste authorities, the Pennsylvania Department of Environmental Protection and local law enforcement.



Julie Miro Wenger  
DFIC Executive  
Director

*'The DFIC crafted legislation to establish the Retail Crime Unit in the Department of Justice, which will be dedicated to the prosecution of retail crime.'*

## DFIC Working Hard for Delaware Retailers

### **Dedicated Retail Crime Deputy Attorney General**

HB 458 was the Delaware Food Industry Council's (DFIC) major victory for this legislative session. The DFIC crafted legislation to establish the Retail Crime Unit in the Department of Justice, which will be dedicated to the prosecution of retail crime. A Deputy Attorney General will be assigned to the Retail Crime Unit. Delaware is the first state in the country with a dedicated Retail Crime prosecutor. There will be a \$15 annual fee assessed on every retail business license to pay for the Retail Crime Unit.

Governor Ruth Ann Minner signed the bill on July 17, 2008. DFIC applauds the legislature for recognizing that organized retail crime (ORC) is a major problem facing retailers in the state. We now have a dedicated state police unit fighting ORC daily. We have ORC laws now in place and we will also have a deputy attorney general to prosecute retail crime. Delaware is the first state in the country to have mounted all of these tools to fight ORC. The DFIC, along with our partners at the Delaware Retail Council, held a bill signing ceremony with the Governor in late September.

### **Gross Receipts**

We were able to negotiate a minimal increase in the Gross Receipts Tax to .008 for the first \$2 million per month and an additional .008% on the sales above \$2 million. The gross receipts for the other segments of Delaware's economy increased .25% for everyone except grocery stores and manufacturers.

### **Toy Bill House Substitute #1 for HB 362**

DFIC worked with the sponsor of HB 362 to change the language to virtually mirror the federal bill and minimize the effect on our grocery store retailers. The bill prohibits the sale or distribution of toys that are harmful to and threaten the health of our children in the state of Delaware.

### **Sunday Bus Service for DART**

DART started Sunday Bus service in New Castle County at the end of June. DART is the only source of public transportation in the state. This service will be expanding to Kent County as well. DFIC pushed hard for this expansion as it will allow greater access to our stores for both customers and employees.

### **Minimum Wage**

The minimum wage bill was released from committee. We testified against the bill and it was never brought to a vote. This bill would have brought the minimum wage in Delaware from \$7.15 per hour to \$7.75 per hour effective March 1, 2009 and from \$7.75 per hour to \$8.25 per hour effective March 1, 2010.

### **Provider Tax**

DFIC worked very hard to keep pharmacies out of the definition. The premise of the bill was a new tax of 1.95% on net patient revenue. This bill made it out of committee but was never voted on.

### **Plastic Bag Bill**

DFIC worked to adjust the sponsor's bill to meet our industry's needs. The bill required stores to establish an at-store recycling program where customers could bring back any plastic bag and it required a specific recycling message printed on the bag. In addition stores would be required to sell reusable bags. Manufacturers of plastic carryout bags needed to provide educational materials to encourage the reduction, reuse, and recycling of plastic carryout bags and to make the materials available to stores.

The reporting component of the bill was nebulous at best. The bill did make it out of committee but was never brought to a vote.

### **Workers' Compensation Reform Update**

The final regulations for the reform legislation that passed last year came out in the spring of 2008.

### **Golf Outing**

DFIC's Annual Golf Outing was held on July 11 at Cavaliers Country Club. Thank you to all of our members and vendors who participated in this successful and fun outing.

Congratulations to our winners: Food Lion barely nudged out Acme who had won the last two years. Both Food Lion and Acme shot a 59. The 1st place

team from Food Lion included Mike Gee, Bud Green, Charlie Traurig and Scott Ray. Second Place went to Craig Huska, Joe Mongillo, Ricky Pratt and Tom Holden. Third Place went to Leroy Witam, Dave Sack, Steve Mackowski and Rich Maestro of Shoprite. Closest to the pin winner was Mike Toner of Tastykake and Longest Drive went to Gary Oliver of Super G. The outing helps support the goals of the council and we applaud our member's efforts in helping to make the event successful.

### **Looking ahead**

Delaware is facing a huge budget shortfall for this year and into next fiscal year. Therefore, tax increases are a major concern. They could come in the form of an increase to the Gross Receipts tax, property tax and personal income tax. There are no bills drafted currently for any of those issues.

Issues the DFIC will be working on this session include:

- Gauging the new governor's interest in allowing beer sales in supermarkets;
- Working to improve the WIC program;
- Creating an essential employee status for delivery truck drivers and our supermarket employees during a state of emergency; and
- Keeping the gross receipts tax at its current rate or lower.

***Legislative Hall  
Dover, Delaware***





Tanya Butler  
President  
Merchants Express  
Money Order Co., Inc.

*'MEMO has evolved as one of the leading money service businesses, offering financial products and services to consumers through more than 3,300 independent retail locations. Operating in 23 states and the District of Columbia, the company has positioned itself as a service focused money service business.'*

## MEMO Provides High Quality Services

Merchants Express Money Order Company, Inc., (MEMO) was established in 1986, as a wholly-owned business subsidiary of the Pennsylvania Food Merchants Association (PFMA). Through the years, MEMO has evolved as one of the leading money service businesses, offering financial products and services to consumers through more than 3,300 independent retail locations. Operating in 23 states and the District of Columbia, the company has positioned itself as a service focused money service business. The MEMO operating states are predominantly on the eastern section of the United States and have expanded into the states of Texas, Illinois and Michigan.

The core product offered is the MEMO money order, which is marketed to retailers who provide this service directly to consumers. Additionally, "Pre-Paid by MEMO" a prepaid cellular airtime and long distance calling card product has been a great enhancement to the existing product suite.

The effective establishment of a business alliance with RBS WorldPay, the card processing

division of The Royal Bank of Scotland, enables MEMO to offer retailers a leading single source provider of electronic processing services including credit, debit and EBT.

Most recently in 2008, "MEMO Bill Payments" was introduced. The walk-in bill payment service is currently in a pilot program in West Virginia. This service provides consumers the convenience of paying their personal utility bills at a local retailer location. A full launch of the MEMO Bill Payments service will be available in 2009.



MEMO's board of directors oversees the overall strategic goals for the company. From left, David McCorkle, vice president; Karen Wilbert, secretary/treasurer; Tanya Butler, president; and Hans Leyer, director.

MEMO's Risk Management committee meets regularly to review accounts and ensure financial success. The committee includes, from left, Kevin Lutkins, corporate counsel/compliance officer, Karen Wilbert, vice president, finance; Tanya Butler, president; Dan Oliva, credit manager; and Hans Leyer, vice president, sales and marketing.





MEMO'S customer service team includes, from left, Ashli Enrico, operations clerk; Charlotte Knisely, money services supervisor; Jocelyne Durant, bilingual customer service representative; and Peggy Langenbach, customer service representative.

MEMO's operations team includes, below clockwise from bottom right, Terry Smith, manager of money services; Bill Searer, operations coordinator; Tonia Milliken, agent service representative; Sherri Criley, operations clerk; Travis Wrobbel, communications/imaging specialist; and Lesa Althoff, operations coordinator.

The products and services are available to retailers on two types of equipment. The Electra money order dispenser, owned, manufactured and serviced by MEMO, and the Verifone terminal which offers a suite of products on one device for convenience. The proprietary software for both equipment types is customized specifically for MEMO. The software on the Verifone terminal interfaces "real-time" with MEMO's back office host operating system.

MEMO's corporate philosophy is consistent with the long and short-term objectives of the business. The company has demonstrated a pattern of profitability and innovative techniques to support a new market development strategy. Consistent with the mission, which is to provide high quality, low cost money-based products and services, MEMO has pledged an ongoing commitment to expand the money services offered to retailers that will assure a profitable financial result. The priority and focus is to successfully achieve the business goals and objectives and fulfill its obligation to the valued business stakeholders.

The MEMO team truly appreciates your continued support of our business.



MEMO is committed to providing excellent customer service to its Spanish-speaking agents and customers. Two bilingual customer service representatives are available to assist them. They are Diana Naranjo, bilingual operations analyst; and Jocelyne Durant, bilingual customer service representative.

## MEMO Enhances its AML Program

The money services industry is a very unique and cash-based industry. Both the federal and state government regulates and monitors the financial transactions in the industry.

Additionally, the government agencies require sound financial conditions and effective risk management to ensure the business maintains safety and soundness. MEMO continues to enhance its Anti-Money Laundering (AML) Program ensuring the business is compliant with the guidelines of the Bank Secrecy Act, U.S. Patriot Act and OFAC.

MEMO facilitates agent AML training both directly and by phone. AML newsletters are distributed to agents that provide updates on a regular basis. The Agent Guide to Anti-Money Laundering is also distributed to all MEMO agents and used as a training tool to educate agents. Based on a risk assessment of its agents, MEMO conducts regular agent AML audits. Additionally, the business implements independent AML audits of the AML



MEMO's compliance department ensures that the company is following the regulations set for Anti-Money Laundering (AML). The staff includes, from left, Tiara Banks, compliance analyst; Matt Daly, compliance auditor; Jennifer Hamelin, compliance analyst; Kevin Lutkins, corporate counsel and compliance officer; and Judy Johnson-Ward, licensing and compliance specialist.

Program, internal audits of the various business departments, IT audits and financial audits. The various operating states also conduct regular examinations of the business to ensure compliance with the money transmitter licenses.

### MEMO Warehouse Operations

Our help desk staff provides technical support to thousands of agents utilizing our business services including money orders, gift certificates, prepaid long distance, prepaid cellular air time and bill payments. Equipment serviced includes the Electra Money Order Dispenser (manufactured by our affiliate company, Keystone Marketing Services, Inc.), various Verifone POS terminals and PCs. Additionally, our technical staff provides repair service to several other Money Services Businesses on their money order dispensing equipment throughout the U.S.

Service is available Monday through Friday from 8 a.m. to 5 p.m. All equipment shipped from our warehouse goes through a comprehensive diagnostic evaluation to ensure complete functionality and reliability. Additionally, our warehouse staff is responsible for shipping all money order inven-

tory, consumable supplies and signage orders, and installing computer software on the various types of equipment utilized by our many business customers. Many consumers rely on our agents and merchants to provide them with MEMO business services to conduct their financial affairs on a daily basis. Our warehouse can be reached directly at 1-800-864-5246.



Hans Leyer, second from left, joins MEMO's technical support team, from left, David Ulsh, machine maintenance/help desk technician; John Rodgers, warehouse manager; Bob Ommert, shipping/receiving clerk; Kevin Null and Matt Sholley, machine maintenance/help desk technicians.

Left, the corporate offices are maintained by Lenny Semick and Dave Gramm, maintenance couriers.

Reach the  
MEMO Help  
Desk at  
800-864-5246.



*'Through the years, PFMA has offered retailers an increasing number of business services all designed to help improve store traffic and profitability.'*

Hans Leyer  
Vice President,  
Sales, Marketing  
& Facilities



## Experienced Sales Team Assists Retailers in Improving Store Traffic and Building Profits

The PFMA Sales department is staffed by a knowledgeable team of regional sales managers well versed in all aspects of our business. Most have considerable experience in the food industry plus an additional average tenure of 15 years with PFMA. This translates into a lot of knowledge and experience they can offer PFMA members and other retailers throughout our 23 state operating area. Through the years, PFMA has offered retailers an increasing number of business services all designed to help improve store traffic and profitability. Listed below are some of the major services we offer to help your business.

**PCRS (Pennsylvania Coupon Redemption Services, Inc.)** Coupon usage is on the rise once again. Coupon usage had been steadily declining for the past several years. However, the current state of the economy is fueling a resurgence in consumer use. If you're currently not accepting coupons, give us a call to get started immediately.

**MEMO (Merchants Express Money Order Company, Inc.)** As unemployment soars and the economy sputters, consumers still need to conduct their financial business. Many consumers cannot afford to maintain the minimum balances required by traditional financial institutions or have an inherent distrust of the banking community in general. Those consumers, either "unbanked" or "underbanked" represent more than 1/3 of the adult population and purchase money orders on a consistent basis. Don't miss out on this growing business segment. Call MEMO today to get started selling money orders and increase your overall sales and traffic count.

**Pre-Paid by MEMO** We offer both Long Distance Phone Cards and Pre-Paid Cellular Air Time. Cost conscious consumers continue to migrate to these products, especially Pre-Paid cellular air time, for better personal budget control and convenience. As the prepaid market continues its double digit growth annually, don't miss out on this "in demand" product. Transaction times for sales are quick and repeat sales are a given.



800-922-8079, Ext. 5919

The sales and marketing staff includes, from left, Laura Melfi, marketing coordinator; Michele Weaver, administrative assistant; and Hans Leyer, vice president, sales, marketing and facilities.



## Regional Sales Managers



**Bryan Hannan**

National Sales Manager  
Service Area: Baltimore,  
western MD, southwestern PA,  
northwestern WV, TX, FL, GA  
and Washington, D.C.

**(410) 529-4287**

Email: bhannan@pfma.net



**George Bartell**

Service Area: Eastern and  
Central Pennsylvania

**(610) 582-2669**

Email: gbartell@pfma.net



**Mac Dixon**

Service Area: Virginia, North  
Carolina and South Carolina

**(804) 288-0606**

Email: mdixon@pfma.net



**Steve Halterman**

Service Area: KY, OH, southern  
WV and northwestern PA

**(937) 349-2224**

Email: shalterman@pfma.net



**John Jones**

Service Area: NY, NH,  
RI, CT and MA

**(570) 868-4057**

Email: jjones@pfma.net



**Terry Quigley**

Service Area: Philadelphia,  
NJ, DE and eastern MD

**(856) 228-2848**

Email: tquigley@pfma.net

## MEMO Offers Quality Products

**MEMO Bill Payments** are currently in a final test phase and will be available during March, 2009 in PA, VA, WV and Ohio. The retail margins are great, the service is quick and simple and growth rates continue to accelerate. Most bills post to consumer accounts within two business days and many post the same day they are paid. All payments are processed electronically eliminating virtually all customer service issues. If you're looking for a service that will steadily build retail traffic and provide additional income, call our sales and marketing department or your regional sales manager today to get started.

**Debit/Credit/EBT Processing** — Our card processing service is powered by RBS WorldPay, one of the world's largest card processors. Processing rates are provided on a cost plus basis so you know exactly what your rates will be. Credit card and debit card use continues to grow annually as checks and cash continue to decline in volume. Our program offers reliable service, great rates and dedicated customer service. Give us a call.

Customer service assistance is available through our Sales and Marketing Department at 1-800-922-8079. Our experienced staff will answer your questions and get you started with the services you need to succeed. We look forward to your call. For more information on PFMA services and activities, please visit [www.pfma.org](http://www.pfma.org) and be sure to check out the MEMO website at [www.memoco.com](http://www.memoco.com) for the latest information on our business services.

## KMS Serves Machine Repair and Sales Niché

Keystone Marketing Services, Inc. (KMS) is a manufacturer of money order dispensing equipment utilized by Merchants Express Money Order Company, Inc. (MEMO) as well as several other Money Services Businesses (MSBs), banks and credit unions throughout the United States. For the past few years, KMS has been manufacturing its own money order dispensing equipment branded as the Electra. In addition to selling the Electra to other MSBs, KMS sells consumable supplies and provides equipment maintenance and repair services to businesses utilizing Electra money order dispensing equipment.

The Electra money order dispenser is generally used as a stand alone device offering safeguards that ensure accuracy through automated functions, protects against theft and fraud, and features data capture capabilities that facilitate timely sales reports. As an alternative, the Electra can be configured with a host based system offering the same basic features as the stand alone version with a secure printer interface connection to a host based point-of sale system at a retail location.

For more information on Electra sales, supplies and repairs, please visit our website at [www.electraequipsales.com](http://www.electraequipsales.com) or call our sales department at 1-800-922-8079 ext 5919.

*'The profits earned from PCRS operations are returned to the association to help offset the costs of other PFMA programs, providing members with added value for each coupon submitted for processing.'*

Autumn Thomas  
President  
PCRS, Inc.



## PCRS System Upgrades Provide Clients with Enhanced Speed and Data Storage Capacity

Pennsylvania Coupon Redemption Services, Inc. (PCRS), which has been in operation since 1956, is the association's longest-operating business service. It is also the largest retail coupon clearinghouse owned and operated by a retail association. More than 800 retailers in Pennsylvania and adjoining states entrust their coupon processing needs to PCRS.

PCRS provides a competitively priced, superior quality redemption service that is geared toward meeting the needs of the independent food retailer. Features of the program include:

- Fast and accurate processing utilizing barcode technology;
- Prompt payment for the full face value and 8-cent manufacturer handling allowance for all coupons redeemed;
- Three payment plan options (two, 10 and 20 working days) for maximum convenience and flexibility;
- No service charges or volume minimums;
- Experienced and professional customer service support; and
- A commitment to obtaining fair treatment for independent grocers in the complicated redemption process.

A major initiative recently completed is the conversion of PCRS' Unix computer system to a Linux system. Linux was a more readily upgradeable technology that is fully Internet capable,

ensuring that PCRS' coupon processing, payment and reporting mechanisms remain current, flexible and efficient. PCRS clients will also benefit from enhanced system speed and data storage capacity. The Unibasic programming platform used by PCRS was also upgraded.

The profits earned from PCRS operations are returned to the association to help offset the costs of other PFMA programs, providing members with added value for each coupon submitted for processing.



PCRS Account Manager Laurie Savoy provides experienced service and support to customers.



Karen Wilbert  
Vice President,  
Finance

*'The PFMA fiscal year end is June 30 and the fieldwork for the audit was in August. Boyer and Ritter, CPA completed the audit again this year.'*

## Finance Review for 2008

The Accounting department continued its busy schedule in 2008. The staff began the PFMA budget projections in March and completed a final version by June. Immediately following the budget, was the year-end audit process. The PFMA fiscal year end is June 30 and the fieldwork for the audit was in August. Boyer and Ritter, CPA completed the audit again this year.

The final financial statements were issued in October for the PFMA semi-annual board of directors meeting.

The Credit and Collections staff maintained its workload throughout the year. During December 2008 the department did a fantastic job processing more than 180 applications for the newly acquired business in Michigan. In addition to processing the applications, the department managed to collect, in full, a majority of the new accounts that came into collections during the year.

The accounting staff continues to provide support for Keep Pennsylvania Beautiful (KPB), a non-profit environmental and beautification organization dedicated to preserving Pennsylvania's beauty and natural resources.



The Credit and Collections team works to collect all monies due to the company. From left, Dan Oliva, credit manager; Colleen Little, senior credit clerk; and David Bush, credit coordinator.



The Accounting staff includes Gail Bryner, accounting/human resource manager; Stacey Kropp and Wanda Tafun, staff accountants; and Joyce Gnafakis, staff accountant assistant.

*'The Information Technology department continues to explore new and better ways of accomplishing our primary goal which is to assure the smooth operation of our organization's computer systems, in order to better serve our members.'*

Beth Mullen  
Vice President,  
Information  
Technology



## IT Assures Smooth Operation of Systems

The year 2008 brought a number of new business objectives to the forefront. The Information Technology department continues to explore new and better ways of accomplishing our primary goal which is to assure the smooth operation of our organization's computer systems, in order to better serve our members.

We continue to support all departmental goals by providing adequate resources to staff members so that these goals are carried out effectively.

The IT staff completed a hardware and software system conversion for Pennsylvania Coupon Redemption Service, allowing them greater flexibility for disaster recovery coverage and future upgrade-ability.

Our programming staff works closely with all aspects of Merchants Express Money Order Company, Inc. to assure all systems are managed at the highest level. We worked diligently to see that our systems could accommodate new services

such as bill payment processing. Additionally, we take pride in the work accomplished in conjunction with our compliance team so that they have the tools necessary to adjust to the ever-changing government regulations in all of our operating states.

This year is sure to bring us new and exciting challenges. Our IT team is anxious to meet and exceed them all.



Vivian "Lou" Brashears provides that pleasant, helpful voice and demeanor for callers and visitors at the PFMA office.



The Information Technology team assures the company's computer systems are running smoothly and works closely with MEMO, Inc. to assure all systems are managed at the highest level. From left, Scott Thomas, programmer/analyst; Steve Orner, information systems specialist; and Chuck Harber, senior programmer/analyst.

# Association Leadership

## PENNSYLVANIA FOOD MERCHANTS ASSOCIATION BOARD OF DIRECTORS



*Chairman*  
**Scott Hartman**  
Rutter's Farm Stores  
York, PA



*Vice Chairman*  
**Dan McNabb**  
Baldwin Whitehall Food Stores  
Pittsburgh, PA



*Treasurer/Secretary*  
**Tim Reardon**  
Giant Food Stores, LLC  
Carlisle, PA

**Sam Anderson**  
Pump n Pantry  
Montrose, PA

**David Hollinger**  
Four Seasons Produce  
Ephrata, PA

**Louie Sheetz**  
Sheetz, Inc.  
Altoona, PA

**Carole Bitter**  
Friedman's, Inc.  
Butler, PA

**Tom Jamieson**  
Shop 'n Save & Save-A-Lot  
Uniontown, PA

**Judy Spires**  
Acme Markets, Inc.  
Malvern, PA

**Bill Bracey**  
Bill's ShopRites  
Moscow, PA

**Richard McMenamain**  
Shoprite  
Philadelphia, PA

**Mark Suprenant**  
Wawa, Inc.  
Wawa, PA

**Jeff Brown**  
Brown's Super Stores, Inc./  
ShopRite  
Bellmawr, NJ

**Chris Michael**  
Associated Wholesalers, Inc.  
Robesonia, PA

**Greg TenEyck**  
Safeway, Inc./Genuardi's  
Lanham, MD

**Joseph Della Noce**  
SUPERVALU, Inc.  
Mechanicsville, VA

**Ryan Redner**  
Redner's Markets, Inc.  
Reading, PA

**Dean Walker**  
Boyer's Food Markets, Inc.  
Orwigsburg, PA

**Ron Fish**  
Reading Consumer Products  
Valley Forge, PA

**Richard Russell**  
Giant Eagle, Inc.  
Pittsburgh, PA

**Jonathan Weis**  
Weis Markets, Inc.  
Sunbury, PA

**Craig Hoffman**  
Wegmans, Inc.  
Dickinson City, PA

**Paul Sauder**  
R.W. Sauder, Inc.  
Lititz, PA

**Ron Weislogel**  
Weislogel's, Inc.  
Fairview, PA

## PENNSYLVANIA PHARMACY COUNCIL OFFICERS

*Chairman*  
**Mark Rabinowitz, RPh**  
Safeway/Genuardi's  
Norristown, PA

*Vice Chairman*  
**Robert Killoran, RPh**  
S&L Solutions  
Latrobe, PA

*Treasurer*  
**Carol Bylone, RPh**  
Redner's Warehouse Markets  
Reading, PA

# Association Leadership

## PENNSYLVANIA CONVENIENCE STORE COUNCIL EXECUTIVE COMMITTEE



*Chairman*  
**Dan Pastor**  
GetGo from Giant Eagle  
Pittsburgh, PA



*Vice Chairman*  
**Paul Rankin**  
Country Fair Markets  
Erie, PA



*Secretary/Treasurer*  
**Mark Suprenant**  
Wawa, Inc.  
Wawa, PA

**Sam Anderson**  
Pump n Pantry  
Montrose, PA

**Scott Hartman**  
Rutter's Farm Stores  
York, PA

**Gabriel Olives**  
Turkey Hill Minit Markets  
Lancaster, PA

**Mike Cortez**  
Sheetz, Inc.  
Altoona, PA

**Tom Hartman**  
McLane Company  
Jessup, MD

**Henry Sahakian**  
Uni-Marts, Inc.  
State College, PA

**Tom Dempsey**  
Utz Quality Foods, Ltd.  
Hanover, PA

**John Hodnett**  
S&D Coffee  
Concord, NC

**Joseph Tripi**  
Tripifoods, Inc.  
Buffalo, NY

**Bruce Earhart**  
Handee Marts  
Gibsonia, PA

**Bret Hoffmaster**  
ShIPLEY Stores, LLC  
York, PA

**Jim Farrow**  
Sunoco, Inc.  
Philadelphia, PA

**Gary Lauer**  
Associated Wholesalers, Inc.  
Robesonia, PA

## COMMITTEE LEADERSHIP

*Legislative  
Chairman*

**Mike Cortez**  
Sheetz, Inc.  
Altoona, PA

*Loss Prevention  
Chairman*

**Nancy Jones**  
Giant Food Stores, LLC  
Carlisle, PA

*Food Protection  
Chairman*

**Chuck Martin**  
Acme Markets, Inc.

## DELAWARE FOOD INDUSTRY COUNCIL BOARD OF DIRECTORS

*Chairman*

**Richard Kenny**  
Kenny Family Shoprite  
Wilmington, DE

*Vice Chairman*

**Barry Scher**  
Super G  
Landover, MD

*Treasurer*

**Greg TenEcky**  
Safeway, Inc.  
Lanham, MD

*Secretary*

**Lorelie Mottese**  
Wakerfern Food Corporation  
Edison, NJ

**Jim Farrow**, Sunoco, Inc., Philadelphia, PA  
**Judy Spires**, Acme Markets, Inc., Malvern, PA  
**Teross Young**, Food Lion, Salisbury, NC



## CONTACT YOUR ASSOCIATION REPRESENTATIVE FOR ASSISTANCE

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**David L. McCorkle**

**Association Services**  
Senior Vice President,  
Association Services  
**Randy St. John**

Administrative Assistant  
**Ellen Markle**

Executive Assistant  
**Jamie Overmiller**

Director of Communications  
**Elizabeth Peroni**

**Government Relations**  
Vice President, Government Relations  
**Melanie Horvath**

Manager of Legislative Research  
**Annette Knapp**

**Programs**  
Responsible Tobacco Sale  
Certification Program Manager  
**Missy Wellington**

Scanning Certification  
Program Manager  
**Autumn Thomas**

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Vice President of Finance  
**Karen Wilbert**

Accounting/Human Resource Manager  
**Gail Bryner**

Credit Manager  
**Dan Oliva**

**Merchants Express Money Order Company, Inc. (MEMO)**  
President  
**Tanya Butler**

Corporate Counsel/Compliance Officer  
**Kevin Lutkins**

Manager of Money Services  
**Terry Smith**

**Pennsylvania Coupon Redemption Services (PCRS)**  
President  
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**Sales, Marketing & Facilities**  
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**Hans Leyer**

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*Pennsylvania Food Merchants Association*



Pennsylvania Food Merchants Association  
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### ENDORSED SERVICES

