

STATE OF CALIFORNIA



MEMO

**To: GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE
Ramon Alvarez C., Chair
Glenn E. Stevens, Member**

**From: William G. Brennan
Danielle R. Vare**

Date: November 7, 2014

Subject: Discussion and consideration of the upcoming Industry Roundtable

The Board staff have been preparing for the Board's annual Industry Roundtable, scheduled for Thursday, March 26, 2015, in Sacramento at DMV's headquarters. The Roundtable is being held in conjunction with the California New Car Dealers Association Dealer Day event on March 25, 2015.

Below are suggested topics based upon previous attendee feedback as well as Board Member and staff contributions. The staff welcomes Board Member comments concerning potential topics or speakers for the Roundtable.

This matter is being agendized for discussion and consideration at the December 11, 2014, General Meeting. If you have any questions or require additional information, please do not hesitate to call me at (916) 324-6197 or Danielle at (916) 327-3129.

Potential Topics/Speakers

- DMV Investigator to discuss recent DMV investigations or areas that dealers should watch for that DMV is highlighting during audits.
 - Address any issues pertaining to manufacturers or distributors.
 - What should licensees be aware of?
 - Include DMV policies and interpretations.
- Introduce Tim M. Corcoran, Branch Chief, Occupational Licensing, DMV who recently replaced Mary Garcia following her retirement.
- Electric and autonomous vehicle discussion, not from technology or infrastructure standpoint but the actual vehicles themselves (i.e., Tesla, Nissan Leaf, Ford Focus, etc.)
 - Have vehicles on display in the parking lot during lunch.
 - Make the vehicles available for test drives after the meeting.
- Have a panel discussion on the dealer franchise system versus factory direct sales.

- Autonomous Vehicles update:
 - How are the regulations working?
 - Have the vehicles been tested on public roads?
 - Autonomous Vehicle manufacturers can discuss their vehicles on display in parking lot.
 - What is the next step in terms of regulations?
 - What are the lessons learned from DMV's perspective?
- Discussion of League of Cities topic pertaining to the vehicle industry.
- Outside or in-house manufacturer counsel, and/or representatives from the Alliance or Association of Global Automakers to speak on topics of interest to manufacturers or distributors.
- Dealer topic of interest to the industry; solicit input from CNCDA, NADA, Auto Advisory Services and outside dealer counsel.
- What can California do to keep vehicle manufacturers from moving out-of-state?
 - Have a discussion with Toyota concerning its decision to move to Texas.
 - Why did Tesla choose Nevada for its Battery Gigafactory?
- Discussion on fees per mile as opposed to gas tax, given the increase in alternative fuel vehicles.
 - California Senate Bill 1077 signed by Governor Brown. (Effective January 1, 2015)
 - Oregon Senate Bill 810 implementing road usage charge system for transportation funding. (Effective July 1, 2015)
- Case management and statistical updates
 - Highlight any bills that are effective 1/1/15 and any new regulations.
 - Discuss staffing and ALJs.
- Panel of Board ALJ's to discuss law and motion and hearing practice before the Board from a judge's standpoint without reference to any pending case.
 - Provide opportunity for non-case specific questions.
- Panel discussion on the various metrics that manufacturers and distributors use to evaluate a dealer's sales and service performance and the consequences for dealers who fail to comply with manufacturers' standards.
- What impact, if any, has there been since the recent amendment to Vehicle Code § 11713.13(g)(1)(B) that was effective January 1, 2014?
- What, if any, is the impact of the published decision in *Powerhouse*?
- What are current facilities issues?
 - Are factories still requiring expensive upgrades?
- Discussion regarding any potential dealership issues from a mega-dealer's or publicly held dealer's perspective.
- "Civil liberties groups appeal ruling over Automatic License Plate Reader Data"
 - Los Angeles Police Department has implemented a program which includes cameras mounted to patrol cars, as well as in fixed locations, in order to capture, process and store the license plate of every vehicle that passes by.
 - What kind of oversight and public input does this type of data gathering require?
- "Lawyers reaching for in-car data" –Automotive News
 - Vehicle telematics systems (OnStar, Ford SYNC, etc.) gathering data in order to

- provide safety services and other benefits.
- What happens when this data is used against a consumer in the courtroom?
- “Automakers warm to the era of ride-sharing” –Automotive News
 - Customers beginning to forgo personal car ownership for ride-sharing and ride-summoning services.
 - What effect will this have on the automobile industry?
- “Now, it’s NHTSA under fire” –Automotive News
 - Is there a need to reform NHTSA?
 - Recent criticism of NHTSA includes concerns about its ability to effectively police auto safety as well as issues with protocol and personnel.
- “No land, no store?” –Automotive News
 - Dealer’s right of first refusal regarding manufacturer owned dealership property.
 - Manufacturer allowed to sell dealership land to third party without option for dealer to buy first?
- “Dealership consolidation is coming – but how fast and how much?” –Automotive News
 - Will this cause an increase in the price of existing dealerships?
 - How will this affect “Mom and Pop” entities wishing to enter the automotive business?
- “Cherry-picking or brand building?” –Automotive News
 - What is the effect of a manufacturer’s right of first refusal in buy-sell transactions?
 - Are the manufacturers exercising their rights in good faith and for good reason or are they “cherry picking” deals to the detriment of dealers and consumers?