



New Motor Vehicle Board

In-Site

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9TH INDUSTRY ROUNDTABLE

The Board hosted an Industry Roundtable on Wednesday, March 21, 2012, at the Department of Motor Vehicles' new Assembly Room in Sacramento. The purpose of the event is to educate the members of the Board on industry-related issues and to provide them with an opportunity to interface with dealer and factory personnel. Many topics of interest were presented.

The event opened with welcoming remarks from Traci Stevens, Senior Advisor of the Business, Transportation and Housing Agency, and George Valverde, Director of the Department of Motor Vehicles.

The first topic was the Department of Motor Vehicles Business Partner Automation and Electronic Liens and Titles (ELT). George Valverde, DMV Director, welcomed the attendees and introduced Andrew Conway, Chief of Registration Policy and Automation Branch. Mr. Conway gave a presentation addressing DMV's electronic titling changes. California was the first state to implement ELT, starting a pilot program with GMAC in 1989. Today, there are more than 550 ELT lienholders with more added each quarter. He talked about the current status with regard to rulemaking under final review and system enhancements. All licensed new car dealers must enroll in the DMV Business Partner program. There are three types of business partners: first line business partner - receives information from DMV and uses it for that partner's business; first line service provider - receives information from DMV and transmits it to another for processing; and, second line business partner - receives information from a first line provider and must be a registration service, vehicle dealer or leasing company, salvage pool, dismantler, or rental car company. He also discussed vehicle titling and lien washing, and new title transfer restrictions.

The next topic of discussion was a review and analysis of a dealership facilities upgrade report

commissioned by the National Automobile Dealers Association (NADA). The panel included Michael Sieving, Esq., and Rick Ritchie, Esq., both with Callahan Thompson Sherman & Caudill, LLP, Gregory Oxford, Esq. with Isaacs Clouse Crouse & Oxford LLP, and Tim Conley, Esq. of Hogan Lovells. A presentation was given on before and after photos of GM facility makeovers. The Factory Image Program study came about in response to concerns by NADA members over the automakers' facility upgrade programs. As stated in the report, the intent of the program is to encourage dealers to invest in store expansion, modernization and standardization. This can place significant financial burdens on dealers, yet there is little hard evidence on the return of investment. In general, dealers are supportive of the concept of facility programs, but wary of their economics. The recommendations resulting from the various issues analyzed are grouped into three topic headings: Value - it is incumbent upon OEMs to provide dealers with more persuasive business cases for investment in facilities; Cost - individual OEMs and their dealers need to work together to tackle costs on materials and fixtures specifications, put limits on the numbers of qualified vendors, and address unstable volume forecasts; and, Future - by generating and sharing research into retailing trends, it is recommended to both OEMs and dealers alike to jointly tackle the issue of whether the dealerships we are building today are going to be the successful dealerships of tomorrow. The panel answered many questions from the audience.

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MARCH 20, 2012 GENERAL MEETING

The New Motor Vehicle Board held a General meeting on March 20, 2012, in Sacramento in conjunction with the California New Car Dealers Association “Dealer Day”. A number of administrative matters were discussed.

Since this was the first General Meeting of 2012, the election of officers took place. Ramon Alvarez C., a Dealer Member, was once again unanimously elected President and Bismarck Obando, a Public Member, was unanimously elected Vice President. President Alvarez C. announced committee selections for 2012, (see page 4 for committee selections).

Bill Brennan, Executive Director, updated the members on the pending Sunset Review. He indicated that the Sunset Review Committee Report was complimentary towards the Board because the Board is within its budget, doing what it is supposed to by statute, and has industry respect and support. During the Committee hearing on March 14, Ed Howard a representative from a public agency that is supported by the San Diego School of Law, made public comments. Mr. Howard commented that costs paid

by the industry to support the Board are being passed on to the consumer. Peter Welch of the California New Car Dealers Association made comments favorable to the Board. Skip Daum of the California Recreation Vehicle Dealers Association (CalRVDA) and John Paliwoda of the California Motorcycle Dealers Association (CMDA) also presented public comments in support of the Board. There were no manufacturer speakers but through conversations with Mr. Brennan, they were not opposing the Board.

The annual review of the Board’s Mission and Vision Statements was discussed. These statements have been in place since June 5, 2009. At Member Brooks’ request, the Vision Statement is being amended to reflect the reduction on the burden to tax payers by having the Board provide its case management and consumer mediation services. The revised Vision Statement will be considered at the May 22, 2012, General Meeting.

It was reported that the Board’s Consumer Mediation Program continues to be successful with 347 cases and 736 phone calls in fiscal year 2010-2011. Out of the 347 cases, 280 cases were mediated with over 70% of those cases being successfully mediated.

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State of California
Edmund G. Brown Jr.
Governor

IN-SITE

California New Motor Vehicle Board
1507 21st Street, Suite 330 Sacramento, California 95811
(916) 445-1888
email: nmvb@nmvb.ca.gov

Department of Motor Vehicles
George Valverde, Director

New Motor Vehicle Board

Members

- Ramon Alvarez C.
- Ryan L. Brooks
- Robert T. (Tom) Flesh
- Peter Hoffman
- David C. Lizárraga
- Bismarck Obando
- Victoria Rusnak
- Glenn E. Stevens
- David W. Wilson

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President
Bismarck Obando
Vice-President



Brian P. Kelly
Acting Secretary
*Business, Transportation
and Housing Agency*

Executive Director
William G. Brennan
bbrennan@nmvb.ca.gov

Senior Staff Counsel
Robin P. Parker
rparker@nmvb.ca.gov

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The third topic was the Energy Commission's investment plan for new fuels and how it determines priorities. Tim Olson, Senior Transportation Advisor with the California Energy Commission was the presenter. Mr. Olson spoke on many issues including fuel demand, factors of natural gas, electric, Federal alternative incentives, CA low carbon fuel standards, and AB 32 zero emission vehicle mandate. He also discussed the program objectives to transform California's fuel and vehicle types to help attain the state's climate change, energy security and air quality goals, and AB 118, which would provide \$100 million per year to develop, produce, manufacture and deploy alternative and renewable fuel, and advanced vehicles and efficiency.

The next topic was a presentation by Jordan Ramer, President of EV Connect and David L. Packard, President of ClipperCreek, Inc. on EV charging stations and creating an infrastructure for the future. EV Connect delivers electric vehicle infrastructure solutions (EVISs) by applying its expertise to help OEMs design, engineer, install and maintain EV infrastructures. EV Connect is working to unify charging technologies in order to build a seamless Electric Superhighway. Mr. Ramer discussed current and recurring issues that are moving people to want alternative fuel vehicles that do not depend on gas. Some of these issues are the continuous rise in the cost of gas, our dependency on other countries for the supply, and the ever growing problem of pollution. As the increase in electric vehicles (EV) continues to grow, EV owners must have a charging strategy. Mr. Packard discussed the Supply Level 1 and Level 2 charging stations and the five UL-listed EV chargers with four currently available in the market. He has worked with over 25 OEM vehicles, and has shipped 13,000 units overall and 7,200 chargers since 2009.

Sara Hasson, Vice President Brand Solutions - Automotive with Univision Network introduced the fifth topic: Impact on Minority Dealers in Light of the Current Economic Climate. Her PowerPoint presentation preceded a panel discussion moderated by the Board's President, Ramon Alvarez C. The panel included Mr. Silvestre Gonzales, President, Casa Management Group, Inc., Mr. Charles Lee, President, Union Chrysler Jeep Dodge, and Mr. Steve Rojas, President, Redlands Ford. The audience was also shown a short video called New American Reality that supplemented the presentation.

Some interesting statistics were discussed:

- Minorities make up 12.1% of the total U.S. population, with California having 56%.

- 3 out of every 4 babies born are minority.
- In the automobile industry, 41% of registered vehicles in California are owned by minorities.
- In 2011, minorities purchased 49% of new and used vehicles and are generally younger new vehicle purchasers.
- Brand loyalty is significantly high with minority consumers with the Japanese brand vehicles higher than the domestics.
- 42% of Californians speak a language other than English in their homes.
- Spanish usage has grown from 9.7% in 2010 and is projected to reach 11.6% in 2020.
- In 2011, \$80 million was spent on Spanish language TV advertising.

The panel indicated that minority owned dealerships declined 26% in California at the end December 2011. The economic impact to L.A. County franchised new vehicle dealerships was \$1.3 billion, and per car dealer, \$4.9 million. Each panel member expressed their own personal situation and concerns. They would like to see a plan of action to include a minority Advisory Council, to incorporate minority strategy into all stages of business planning, to invest in culturally relevant research, and to track and share the results extensively.

The last topic was a panel discussion on retroactive application of franchise laws and enforceability of prior agreements by Maurice Sanchez, Esq., Baker & Hostetler LLP and Kenneth Murphy, Esq., Arent Fox LLP. Mr. Sanchez discussed the issue from a manufacturer's viewpoint and Mr. Murphy from a dealer's viewpoint. The discussion included many questions such as:

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- How states amended their dealer laws in 2012;
- The importance to know whether a statute is to be applied retroactively and if so, how it will arise – part of a termination, add point, buy/sell, etc.;
- Is crisis in the industry a factor;
- If the statute purports to apply retroactively and there is a pre-existing contract, is it a violation of the Contract Clause;
 - The intention of the legislature;
 - Constitutional issues – the Contract Clause is a provision of federal (and usually state) constitution prohibiting the impairment of pre-existing contract rights.

The Roundtable was well-received by those in attendance as well as the Board members. If you are interested in the PowerPoint presentations from the event, you can find them on the Board's website at www.nmvb.ca.gov.

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Ryan Brooks, Member

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Bismarck Obando, Member

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Tom Flesh, Chair
David Wilson, Member

POLICY AND PROCEDURE COMMITTEE

David W. Wilson, Chair
Glenn E. Stevens, Member

General Meeting, cont'd from page 2

The Board adopted the following policy concerning allocation of court reporter appearance and transcript fees (13 CCR § 551.7):

- For the first hearing day, the Board will be responsible for arranging reporting services, paying for the reporter's appearance fee, the delivery fee and any other costs, and the Board's cost of the original plus one copy of the hearing transcript. Counsel will remain responsible for purchasing their own transcript, if desired;

- For each subsequent day, the Board will arrange reporting services and will order the parties, on an equal basis, to reimburse the Board for reporter appearance fees, the delivery fee and any other costs, and the Board's cost of the original plus one copy of the hearing transcript. Counsel will remain responsible for purchasing their own transcript(s), if desired;

- In any other instance, where any party or parties deem reporting services necessary (including requests for reporter's appearance and for transcripts), the requesting party (or parties on any basis they agree upon) will be responsible for arranging reporter services and will be responsible for payment to the reporting service of reporter appearance fees, the delivery fee, and any other costs. Counsel can utilize the Board's contracted reporting service but are not required to do so. The requesting party or parties will also be responsible for providing the Board with a certified copy of the transcript. Counsel will remain responsible for purchasing their own transcript(s), if desired. (this information is also available on the Board's website)

Out-of-state travel plans for fiscal year 2012-2013 were approved by the Board. There are 5 trip proposal requests: three for the Executive Director, Chief of Staff, and one public Board member to attend the National Association of Motor Vehicle Boards and Commissions Fall Workshop, September 19-22, in Alexandria, Virginia; one for the Executive Director to attend the Recreational Vehicle Industry Association's 50th National Trade Show in November 2012, in Louisville, Kentucky; and, one for the Executive Director to attend the National Automobile Dealers Association Convention and Expo in February 2013, in Orlando, Florida.

The 2012 versions of the *Guide to the New Motor Vehicle Board*, the *Informational Guide for Manufacturers and Distributors*, and the *Administrative Law Judges' Benchbook* were approved.

CNCDA 2012 DEALER DAY

The California New Car Dealers Association (“CNCDA”) held their 2012 Dealer Day on March 20, 2012, in Sacramento. Members of the CNCDA, sponsors, and guests attended the luncheon. This year’s speakers were John A. Pérez, Speaker of the Assembly, and Senator Bob Huff.

Attendees were briefed on pending legislation that impacts the vehicle industry. Several bills were discussed. Two bills of particular interest were Assembly Bill 1992 (Huber) and Senate Bill 990 (Vargas).

AB 1992 would repeal the Board in 10 years thereby eliminating the state’s “watchdog” over franchise abuse. The CNCDA indicated that the Board is cost-effective in that it is funded by manufacturer and dealer fees, and it reduces pressure on the judicial system by resolving industry disputes. The Board’s Consumer Mediation Program provides consumers with the ability to informally mediate disputes with dealers and/or manufacturers at no cost to them which helps eliminate costly litigation. The CNCDA opposes this bill.

SB 990 (Used Vehicle Title Reports) is an attempt by CarFax to create a loophole that would permit vehicle dealers to get around a law enacted last year that requires all dealers to run a NMVTIS title history search before offering a used vehicle for retail sale. Federally mandated, NMVTIS is a database maintained by the U.S. Department of Justice where all states, insurance companies, and junk, salvage, and towing yards are required to report and update title brands and other title history. Third-party vehicle history providers, such as CarFax, purchase vehicle history information on an ad hoc basis and from an unknown number of sources that are not subject to oversight by any government entity. It would cost CarFax as little as \$6,000 to join NMVTIS, but refuses to do so. CNCDA opposes this bill.

Following the legislative briefing, CNCDA members met with legislators to discuss the various bills of interest. Several Board members and staff attended the luncheon.

DISTRACTED DRIVING AWARENESS MONTH

The National Highway Traffic Safety Administration (NHTSA) has identified April as the nation’s Distracted Driving Awareness Month. Local law enforcement are zeroing in on motorists who let their focus drift from the roadway to talking on the phone or texting, what California Highway Patrol (CHP) calls “zombie” drivers. CHP has joined the Vacaville Police Department, the California Office

of Traffic Safety, Impact Teen drivers, and other law enforcement agencies across the state in the second annual “It’s Not Worth It!” campaign. During the 2011 campaign, more than 52,000 citations were issued by officers across the state.

Hundreds have been killed and thousands injured in California in recent years as a result of accidents with at least one distracted driver using a cell phone, reaching for an object inside a vehicle, or reading (including maps). In just seconds, a distraction can take attention away from another vehicle or a child who steps into the roadway. Talking on a cell phone can reduce more than 35 percent of the brain activity needed for driving, essentially changing an otherwise good driver into a “zombie” behind the wheel. Texting is by far the most dangerous distraction as it requires visual, manual, and cognitive attention from the driver.

All distractions endanger driver, passenger, and bystander safety. Other distractions can include: eating and drinking, talking to passengers, grooming, using a navigation system, watching a video, adjusting a radio, CD player, or MP3 player.

TIPS TO BEING A HEADS UP DRIVER:

Plan ahead. Read maps and check traffic conditions before you get on the road.

Stow electronic devices. Turn off your phone before you drive. Pull over if you need to use the phone.

Prepare kids and pets for the trip. Get the kids safely buckled in and secure pets appropriately in your vehicle before getting underway.

Satisfy that craving off the road. Eat meals and snacks before getting behind the wheel, or stop to eat and take a break if driving long-distance.

Store loose gear and possessions. Stash away loose objects .

Get your vehicle road-ready. Make all adjustments before you leave.

Dress for success – before you get in the car. Your car isn’t a dressing room.

Get your brain in the game. Focus on the task at hand – driving safely. Keeping your head ‘in the game’ behind the wheel will help you improve your overall awareness and behavior as a driver.

Evaluate your own behavior. Honestly evaluate whether you engage in poor driving behaviors.

Save the Date!



**National Association of Motor
Vehicle Boards and Commissions**

**Fall Workshop
Alexandria, VA
September 19-22, 2012**

**Contact Kathy Tomono at (916) 323-7203
or email ktomono@nmvb.ca.gov**

**FORMER BOARD MEMBER
ALAN SKOBIN APPOINTMENT**

Los Angeles Mayor Antonio Villaraigosa recently appointed Alan Skobin, a nine-year veteran of the Los Angeles Police Commission, to serve on the Board of Fire Commissioners, which oversees the Fire Department.

Mr. Skobin was first appointed to the Police Commission by then-Mayor James K. Hahn in 2003 and was the only commissioner kept on the board by Mayor Villaraigosa when he took office in 2005.

Mr. Skobin served on the New Motor Vehicle Board from 1994 to 1997 and again from 2001 to 2009. He was appointed by Governors Pete Wilson, Gray Davis and Arnold Schwarzenegger. During his terms, he served as Board President, Vice President, chair of the Policy and Procedures Committee, and a member of the Administration Committee.

Mr. Skobin is vice president and general counsel at Galpin Motors.

HAGERTY HOT LIST

Classic-car insurer Hagerty released its latest Hagerty Hot List in January, highlighting today's cars that are expected to be future classics. The only rule is that the car's sticker price must be less than \$100,000 in today's market.

1. Buick Regal GS (\$32,535): It has been quite a long time since we could say "that isn't your grandpa's Buick."

2. Ford Mustang Boss 302 Laguna Seca Edition (\$48,100): Ford is calling this a "race car with a license plate."

3. Jeep Grand Cherokee SRT8 (\$61,785): This version of the Grand Cherokee takes the rugged, go-anywhere look of an SUV and combines it with performance characteristics that would earn respect on a racetrack.

4. Fiat 500 Abarth (\$22,000): Has a 160 hp, 1.4-liter turbocharged engine, Abarth-tuned suspension, brakes and dual exhaust, and also includes complimentary admission to the Abarth Driving Experience with each purchase.

5. Volkswagen Golf R (\$36,000): The new, all-wheel-drive Golf R is geared toward someone who enjoys driving and evokes the same "pocket-rocket" characteristics of its predecessors.

6. Porsche 911 (\$82,100): If you are most concerned about a car holding its value over the long term, then this is the car on this list to buy now and lovingly keep.

7. Chevrolet Camaro ZL1 (\$54,095): The new ZL1 Camaro, with 580 hp, brings Chevy back into the hunt and demonstrates that old-school muscle is alive and well.

8. Nissan GT-R Black Edition (\$95,100): Until this year, this is the car that young people in the United States have only been able to experience on video games. It manages to squeeze 530 hp out of a six-cylinder engine.

9. Dodge Charger SRT8 (\$46,795): Has a giant touch screen in the center of the dash and has "performance pages" that feed input to the driver about statistics such as available horsepower and torque.

10. Audi TTRS (\$56,850): This is a car with global appeal, which means it will have global demand several decades down the road.

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INTERESTING TRIVIA:

ELECTRIC VEHICLES

(back in the day)

At the turn of the century, 40 percent of American automobiles were powered by steam, *38 percent by electricity*, and 22 percent by gasoline. 33,842 electric cars were registered in the United States, and America became the country where electric cars had gained the most acceptance. Whereas basic electric cars cost under \$1,000 (in 1900 dollars, roughly \$26,000 today), most early electric vehicles were massive, ornate carriages designed for the upper-class customers that made them popular. They featured luxurious interiors, replete with expensive materials, and averaged \$3,000 by 1900 (roughly \$79,000 today). Sales of electric cars peaked in 1912.



Thomas Edison and a Detroit Electric car in 1913

DECLINE IN GAS CONSUMPTION

Although California added more licensed drivers in 2011, the state still saw a decline in gasoline consumption compared to the year before. California's gasoline consumption dropped during all four calendar quarters in 2011, including a 1.4% drop during the fourth quarter to 3.63 million gallons. In fact the state added 99,466 licensed drivers in 2011, bringing the total to 23,799,513, according to the Department of Motor Vehicles.

NMVB STAFF CONTACTS

William Brennan
Executive Director
916 324-6197
bbrennan@nmvb.ca.gov

Dawn Kindel
Chief of Staff
916 323-7201
dkindel@nmvb.ca.gov

Robin Parker
Senior Staff Counsel
916 323-1536
rparker@nmvb.ca.gov

Dana Winterrowd
Staff Counsel
916 327-3129
dwinterrowd@nmvb.ca.gov

Linda Lighter
Administrative Analyst
916 323-1389
llighter@nmvb.ca.gov

Suzanne Luke
Executive Assistant
916 323-7202
sluke@nmvb.ca.gov

Nicole Angulo
Legal Assistant
916 323-7204
nangulo@nmvb.ca.gov

Jackie Grassinger
Mediator/Analyst
916 323-7205
jgrassinger@nmvb.ca.gov

Kathy Tomono
Mediator/Analyst
916 323-7203
ktomono@nmvb.ca.gov

Eugene Ohta
Legal Assistant
916 327-2761
eohta@nmvb.ca.gov

Taquita Lugo
916 327-7260
Student Assistant

Tony Vela
916 327-7258
Student Assistant

NEW MOTOR VEHICLE BOARD
1507 21st Street, Suite 330
Sacramento, California 95811

