

Greater

LOS ANGELES NEW CAR DEALERS ASSOCIATION

E-NEWSLETTER ISSUE #4 – 2016

GLANCDA Education

Pictures from the Cashier and Receptionist Phone Training



Cashier and Receptionist phone training in the San Fernando valley with dealership employees from Rydell Chevrolet, Downey Nissan and Hunter Dodge in Lancaster.



Cashier and Receptionist Phone Training for GLANCDA Dealer Members hosted by Pasadena Toyota!



GLANCDA Board Member David Ellis supports the Special Olympics of Southern California at Lakeside Golf Club on Monday August 1, 2016.

2016 Automotive Tech Competition Phase 1

GLANCDA will once again sponsor the Los Angeles area High School Automotive Tech with schools from all over the county participating. The Phase 1 written portion of the contest will have over 100 students and instructors at Longo Toyota on Saturday October 8. The top two students from each participating team will move on to the Phase 2 Hands On portion at Cerritos College on Saturday December 3. The top team will move on from there to compete in the national competition that runs in April 2017 in conjunction with the New York Auto Show.

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BUY YOUR TICKETS NOW!
Advance tickets and VIP packages for the 2016 LA Auto Show are now available at: <http://laautoshow.com/>



YES! State Franchise Laws Lower Prices and Benefit Consumers

by Jeff Carlson, 2016 NADA Chairman
reprinted from NADA

A new economic report from the Phoenix Center for Advanced Legal and Economic Public Policy Studies makes one overriding conclusion: state auto franchise laws lower retail prices of new cars, which benefits consumers.

The study, "State Automobile Franchise Laws: Public or Private Interests?" was released in July after years of debate and speculation about the benefits of the dealer franchise network. Professor T. Randolph Beard and Dr. George S. Ford, authors of the study, found that franchise laws do not limit competition or lead to higher prices. Quite the opposite, they found that "all the evidence suggests there is intense competition leading to very low margins on new car sales." This, in turn, demonstrably lowers prices for consumers and alters the way they buy cars and service in a very positive way.

And how does the dealer network compare to manufacturers?

Dr. Ford reports that when selling an automobile-service bundle, the analysis indicated that "franchised auto dealers have a better incentive with respect to consumer desires than car manufacturers." Thus, it makes sense that state legislatures choose a market design that best fits their constituents.

This latest report reaffirms the messages that the National Automobile Dealers Association—and auto dealers nationwide—have been espousing: the car-buying public is better served with our services than without.

For more than 100 years, car buyers have been relying on a system that delivers the most efficient

and cost-effective way of buying a car—through franchised dealers. Automakers contract with dealers because we incur billions of dollars in expenses for equipment and facilities; we deliver in-person customer service you cannot get through a computer screen; and we reduce consumer costs through a competitive model that lowers retail prices and makes purchasing possible through dealer-assisted financing.

This latest report is also consistent with what respected auto analyst Maryann Keller reported at a Federal Trade Commission panel earlier this year. She cited empirical evidence showing that intra-brand competition among dealers significantly lowers new-car prices. A direct-sales model would not benefit consumers in the same way. Moreover, the franchise network also promotes public safety and instills confidence in the consumer that there is someone there to help service the vehicle when needed. State governments require dealers to invest in facilities so that help is available to car owners throughout the life of the vehicle, and not just at the point of sale.

As regulators such as the Federal Trade Commission continue to probe the benefits of the franchise system, we urge them to remember that the franchise laws in place not only promote competition in the free market but public safety for all. And YES, that is a win-win for consumers and dealers alike. Visit nada.org/getthefacts to learn more about the benefits of the dealer franchise system.

Carlson is 2016 NADA chairman and a Ford and Subaru dealer in Glenwood Springs, Colo.

Dealers have to provide suitable seating to their employees under specified circumstances. Do you know what they are?

Article from The Scali Law Firm



The Wage Order is ambiguous on this point.

California Wage Order No. 7 (applicable to dealers) requires you to provide all working employees with suitable seats when the nature of the work reasonably permits the use of seats (Section 14(A)). It also states that when employees are not engaged in the active duties of their employment and the nature of the work requires standing, an adequate number of suitable seats shall be placed in reasonable proximity to the work area and employees shall be permitted to use such seats when it does not interfere with the performance of their duties (Section 14(B)).

But folks have been confused by what “nature of the work” means or how to determine whether the nature of the work “reasonably permits sitting.” And there was no interpretive guidance on the issue. In fact, it was unclear who had the burden of proof on these issues.

So class action lawsuits were filed.

Naturally, class action lawsuits ensued. Two such cases caught the attention of the California Supreme Court; one involved a bank teller who handled customer banking transactions while standing at the teller stations, as well as walking to safety deposit boxes, covering the drive-up

teller station and handling issues with ATM (Henderson v. JP Morgan Chase Bank NA), the other involved a pharmacy customer service representative whose duties involved checking-out customers at the cash register, organizing and stocking shelves, gathering shopping baskets, vacuuming and removing trash (Kilby v. CVS Pharmacy, Inc.). The trial court denied class certification in Henderson, finding no commonality of issues. Plaintiffs appealed. In Kilby, the trial court determined that the employees’ full scope of duties should be evaluated together,

Continued on next page

and because some of the assigned duties required the employee to stand, the employer was not obligated to provide seating during working time. The court granted summary judgment in CVS's favor. Plaintiffs appealed.

The California Supreme Court decided to provide some clarity.

The Supreme Court decided the following three issues: (1) Does the phrase "nature of the work" refer to an employee's individualized tasks performed during a shift or to the entire range of duties performed?; (2) In determining whether the work "reasonably permits" the use of seats, are factors such as the employer's business judgment, the physical layout of the workplace, and an individual employee's physical characteristics relevant? (3) If no seat is provided by the employer, does the employee have the burden to prove that suitable seating could be provided?

What did the California Supreme Court hold?

The Court decided these issues as follows:

1) The phrase "nature of the work" refers to an employee's tasks performed at a given location for which a right to a suitable seat is claimed, rather than a "holistic" consideration of the entire range of an employee's duties anywhere on the jobsite during a shift. If the tasks performed reasonably permit sitting, and providing

a seat would not interfere with performance of any other tasks that may require standing, a seat is required. The focus is on the specific location (such as a customer service counter) and the tasks to be performed at that location and whether those tasks reasonably permit the use of a seat. Factors for



this determination include: the relationship between standing and sitting tasks, the frequency and duration of those tasks with respect to each other, and whether sitting, or the frequency of transitioning between sitting and standing, would unreasonably interfere with other standing tasks or the quality and effectiveness of overall job performance.

2) Whether the nature of the work "reasonably permits

sitting" is an objective determination based on all of the circumstances. The physical layout of the workplace and the employer's business judgment are relevant but not dispositive. Assessment includes factors such as: whether providing a seat would unduly interfere with other standing tasks, whether the frequency of transition from sitting to standing would interfere with the work, and whether seated work would impact the quality and effectiveness of overall job performance. The inquiry's focus is the nature of the work rather than an employee's individual characteristics, such as his or her physical traits.

3) If an employer takes the position that it does not provide seating because there is not suitable seating available, the employer has the burden to prove that there is no available suitable seating.

How does this ruling apply to dealers?

Applying these concepts to a dealership, if a parts department employee divides her time between 1) working the parts counter, and 2) pulling parts in the warehouse, a separate evaluation should occur for each work area. If the counter work involves interacting with customers, answering phones and handling parts inventory transactions on her computer, a

Continued on next page

Dealers have to provide suitable seating – continued from page 3

seat would probably be required at this location since the tasks can be performed sitting down and a seat should not interfere with the performance of those tasks. If that employee's duties within the parts warehouse primarily involve walking up and down aisles, climbing ladders to retrieve parts, and walking parts to other areas, seating would probably not be required for that work area since sitting down would interfere with her ability to do her job.

What must dealers do to be in compliance?

To avoid a class action, dealers should conduct an analysis now to determine compliance. That

analysis should be conducted for each work area or function for which an employee may request seating (instead of a holistic view of the totality of the employee's job tasks), and that, unless providing a seat in a given work area would unreasonably interfere with the effective performance of the particular tasks being performed in that area, seating would probably be required. This Supreme Court clarification provides a starting point for the analysis. Because each work situation is unique, there is no standard approach, and employers should evaluate all positions independently with the involvement of knowledgeable legal counsel.





Ask Alison

In this “Ask Alison” edition, I will address ERISA compliance and how to prepare for a knock on your door from the Department of Labor (DOL).

Q: What is ERISA?

A: Employee Retirement Income Security Act. Enacted in 1974 and sets minimum standards for pension and welfare plans provided by employers to protect their employees.

Q: Which employers are subject to ERISA?

A: Nearly all private sector corporations, partnerships and proprietorships, including non-profit corporations must comply with ERISA regardless of their size or number of employees.

Q: Department of Labor (DOL) audits...why now?

A: The DOL has been awarded funds to audit companies and one of the specific items they are looking for is ERISA compliance. HealthCare Reform has now put this in the “bright lights”. There is an overall lack of awareness of ERISA compliance as prior to HCR there has been limited enforcement. ERISA compliance is not an option. It is the LAW and now is being very actively enforced.

Q: What are the consequences if our dealership is not in compliance?

A: Audits are stressful, time consuming and disrupt day to day operations. More significantly, ERISA violations can be very costly.

Q: How does our dealership minimize risk and what steps do we take to minimize exposure to a DOL audit?

A: Respond to participant questions and requests for information in a timely manner. There are various documents required. One is filing Form 5500

on time (within 7 months from end of plan year) and ensure that it is accurate and complete. Another is distributing participant materials by deadlines, for example SPD’s (within 90 days of becoming covered). Ensuring that all plan documents are up-to-date is crucial.

Q: What are the penalties our dealership could face if we are audited and not in compliance?

A: Penalties vary based on violation(s). The IRS can impose \$110.00 per day per employee. The DOL can impose Civil and Criminal penalties ranging from \$10,000.00 to several hundred thousand dollars.

Benefit Compass Insurance Services offers solutions. If your dealership has concerns about being in compliance, Benefit Compass will perform a complimentary review of your current employee benefit program. Upon review we would do a Mock Audit to assist in determining your dealership’s risk and needs in the event of a DOL audit.

“Ask Alison” is a regular feature to our quarterly newsletter. Alison McCallum has been in the employee benefits industry for over 20 years. She is an owner/founder of Benefit Compass Insurance Services and works with a large number of dealers in Southern California.

GLANCD A members have free access to Benefit Compass Insurance Services’ compliance resources, consultation and bulletins. If you have questions about DOL audits and compliance, please feel free to contact me at (949)289-9073 or amccallum@benefitcompass.com with questions. I look forward to answering your specific questions.

J.D. POWER

NADA

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Comprehensive information on the LA County new vehicle market



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Quick Facts

New retail car and light truck registrations in the county declined a reported 15.2% in July 2016 versus a year earlier. Note: monthly recording of registrations occurs when the data is processed by the DMV. This can impact the measurement of registrations in individual months.

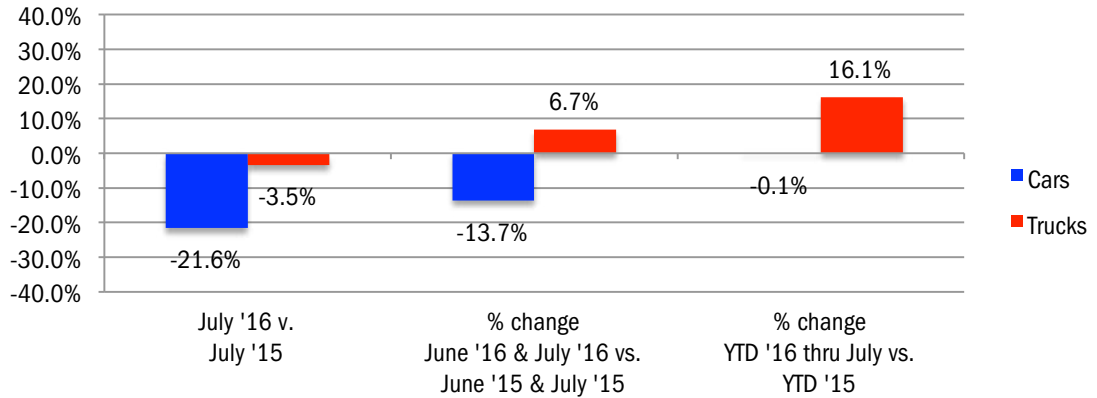
The county market was up 5.6% for the first seven months of this year. Light trucks were up 16.1%, versus a small decline for passenger cars.

The three month moving average of new vehicle registrations increased for the 55th consecutive month in July of this year.

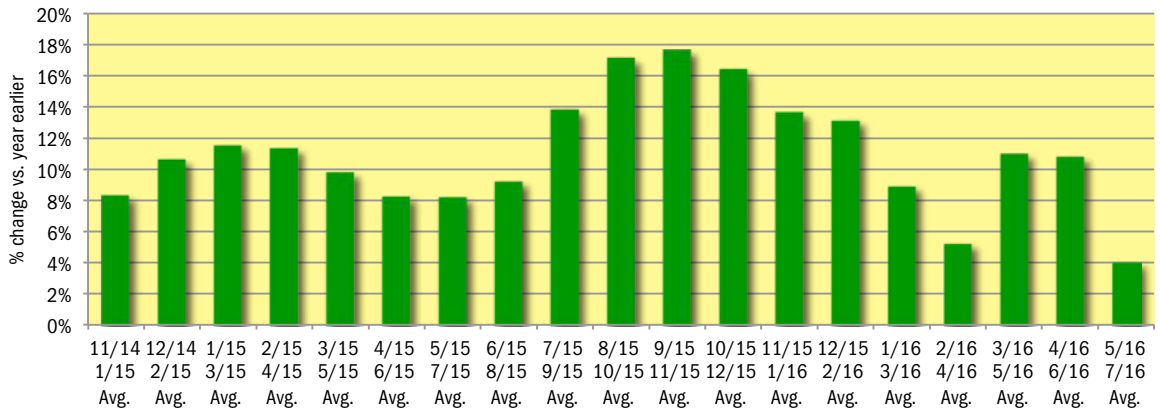
Volvo, Buick, Land Rover, Lincoln, Chevrolet, Kia, Audi, Honda, and Cadillac new vehicle registrations have increased sharply this year.

	July			June '16 and July '16 Combined			Year to date thru July		
	2015	2016	% chg.	Previous	Current	% chg.	2015	2016	Chg.
Industry Total	51,017	43,237	-15.2%	94,852	88,642	-6.5%	297,069	313,619	5.6%
Cars	33,243	26,079	-21.6%	61,545	53,092	-13.7%	192,729	192,509	-0.1%
Light Trucks	17,774	17,158	-3.5%	33,307	35,550	6.7%	104,340	121,110	16.1%
Detroit Three	9,768	8,800	-9.9%	18,236	18,014	-1.2%	55,876	62,210	11.3%
European	10,189	8,853	-13.1%	19,110	17,809	-6.8%	62,356	64,053	2.7%
Japanese	26,679	21,756	-18.5%	49,533	45,200	-8.7%	154,464	160,679	4.0%
Korean	4,381	3,828	-12.6%	7,973	7,619	-4.4%	24,373	26,677	9.5%

Percent Change in Los Angeles County New Retail Light Vehicle Registrations



% Change in Three Month Moving Average of New Retail Registrations vs. Year Earlier



The graph above provides a clear picture of the trending direction of the LA County market. It shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average is less erratic than monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather and title processing delays by governmental agencies.

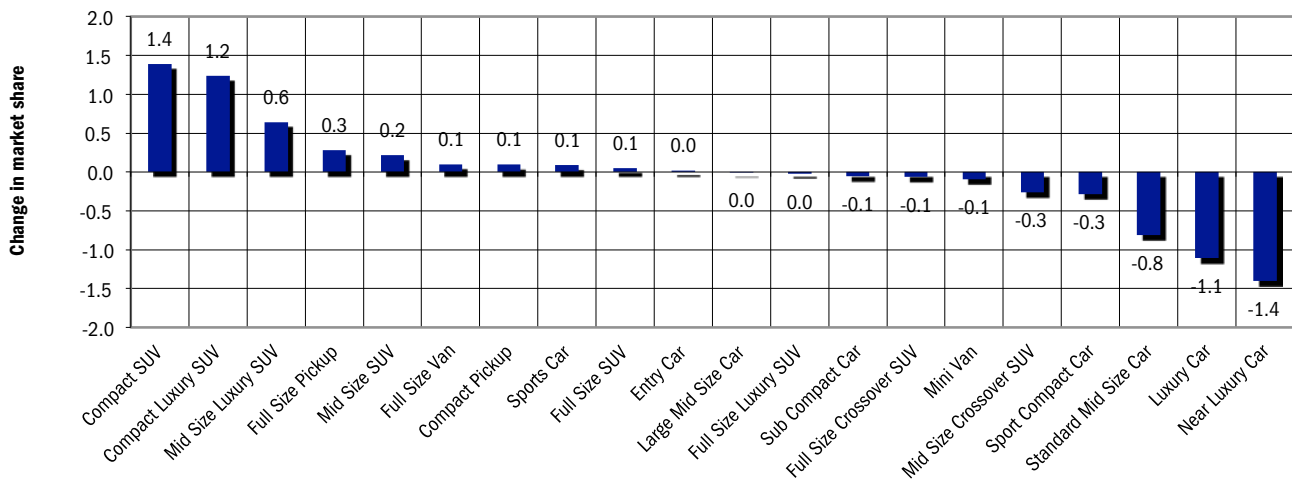
Data Information

All data represents new and used vehicle retail registrations in Los Angeles County and excludes fleet. Please keep in mind that monthly registration figures can occasionally be subject to fluctuations, resulting in over or under estimation of actual results. This usually occurs due to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results. Green shaded areas in tables represent the top ten ranked brands. Data Source: AutoCount data from Experian Automotive.

New Vehicle Market Brand Registrations

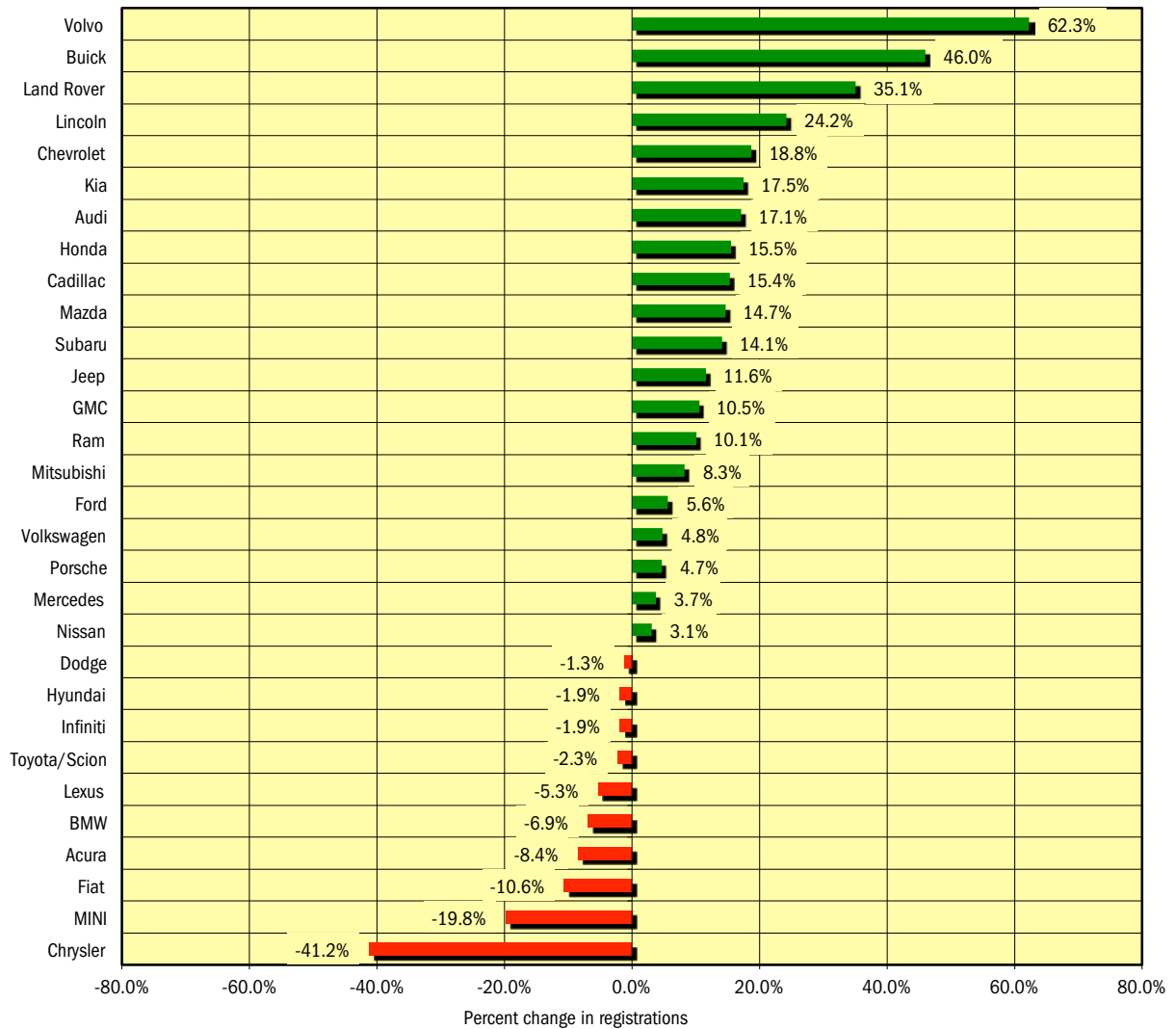
Los Angeles New Retail Car and Light Truck Registrations												
	July			June '16 and July '16 Combined			Year to date thru July			YTD Market Share (%)		
	2015	2016	% chg.	Previous	Current	% chg.	2015	2016	% chg.	2015	2016	Chg.
TOTAL	51,017	43,237	-15.2%	94,852	88,642	-6.5%	297,069	313,619	5.6%			
Acura	603	423	-29.9%	1,073	871	-18.8%	3,729	3,414	-8.4%	1.3	1.1	-0.2
Audi	1,317	1,489	13.1%	2,494	2,858	14.6%	7,950	9,312	17.1%	2.7	3.0	0.3
BMW	2,543	2,033	-20.1%	4,763	3,961	-16.8%	16,466	15,333	-6.9%	5.5	4.9	-0.7
Buick	157	173	10.2%	282	338	19.9%	848	1,238	46.0%	0.3	0.4	0.1
Cadillac	221	260	17.6%	440	534	21.4%	1,589	1,833	15.4%	0.5	0.6	0.0
Chevrolet	2,942	2,606	-11.4%	5,292	5,195	-1.8%	15,139	17,978	18.8%	5.1	5.7	0.6
Chrysler	239	131	-45.2%	437	268	-38.7%	1,545	908	-41.2%	0.5	0.3	-0.2
Dodge	726	552	-24.0%	1,345	1,244	-7.5%	4,222	4,169	-1.3%	1.4	1.3	-0.1
Fiat	262	166	-36.6%	490	406	-17.1%	2,003	1,790	-10.6%	0.7	0.6	-0.1
Ford	2,823	2,537	-10.1%	5,586	5,509	-1.4%	18,036	19,055	5.6%	6.1	6.1	0.0
GMC	525	461	-12.2%	987	946	-4.2%	2,991	3,306	10.5%	1.0	1.1	0.0
Honda	7,139	6,583	-7.8%	13,333	13,967	4.8%	40,460	46,750	15.5%	13.6	14.9	1.3
Hyundai	1,802	1,579	-12.4%	3,280	3,121	-4.8%	10,107	9,916	-1.9%	3.4	3.2	-0.2
Infiniti	701	500	-28.7%	1,339	1,023	-23.6%	4,338	4,256	-1.9%	1.5	1.4	-0.1
Jaguar	82	179	118.3%	151	363	140.4%	608	849	39.6%	0.2	0.3	0.1
Jeep	1,189	999	-16.0%	2,193	2,052	-6.4%	6,387	7,129	11.6%	2.2	2.3	0.1
Kia	2,579	2,249	-12.8%	4,693	4,498	-4.2%	14,266	16,761	17.5%	4.8	5.3	0.5
Land Rover	365	369	1.1%	670	740	10.4%	2,229	3,011	35.1%	0.8	1.0	0.2
Lexus	2,473	2,000	-19.1%	4,873	4,050	-16.9%	16,393	15,529	-5.3%	5.5	5.0	-0.6
Lincoln	202	188	-6.9%	396	355	-10.4%	1,065	1,323	24.2%	0.4	0.4	0.1
Maserati	211	100	-52.6%	437	221	-49.4%	1,072	774	-27.8%	0.4	0.2	-0.1
Mazda	1,005	1,028	2.3%	1,936	1,947	0.6%	5,648	6,479	14.7%	1.9	2.1	0.2
Mercedes	2,730	2,466	-9.7%	5,113	4,840	-5.3%	16,492	17,108	3.7%	5.6	5.5	-0.1
MINI	557	313	-43.8%	1,053	667	-36.7%	2,910	2,334	-19.8%	1.0	0.7	-0.2
Mitsubishi	179	122	-31.8%	286	233	-18.5%	979	1,060	8.3%	0.3	0.3	0.0
Nissan	3,748	2,826	-24.6%	6,839	5,800	-15.2%	21,190	21,848	3.1%	7.1	7.0	-0.2
Porsche	366	324	-11.5%	641	705	10.0%	2,384	2,495	4.7%	0.8	0.8	0.0
Ram	421	374	-11.2%	758	782	3.2%	2,384	2,624	10.1%	0.8	0.8	0.0
smart	34	13	-61.8%	75	38	-49.3%	264	152	-42.4%	0.1	0.0	0.0
Subaru	1,024	1,023	-0.1%	1,923	2,024	5.3%	6,326	7,221	14.1%	2.1	2.3	0.2
Tesla	323	519	60.7%	520	789	51.7%	1,670	2,639	58.0%	0.6	0.8	0.3
Toyota/Scion	9,807	7,251	-26.1%	17,931	15,285	-14.8%	55,401	54,122	-2.3%	18.6	17.3	-1.4
Volkswagen	1,479	1,065	-28.0%	2,776	2,404	-13.4%	8,453	8,860	4.8%	2.8	2.8	0.0
Volvo	141	264	87.2%	280	471	68.2%	934	1,516	62.3%	0.3	0.5	0.2
Other	102	72	-29.4%	167	137	-18.0%	591	527	-10.8%	0.2	0.2	0.0

Change in New Vehicle Segment Market Share - YTD 2016 thru July vs. YTD 2015

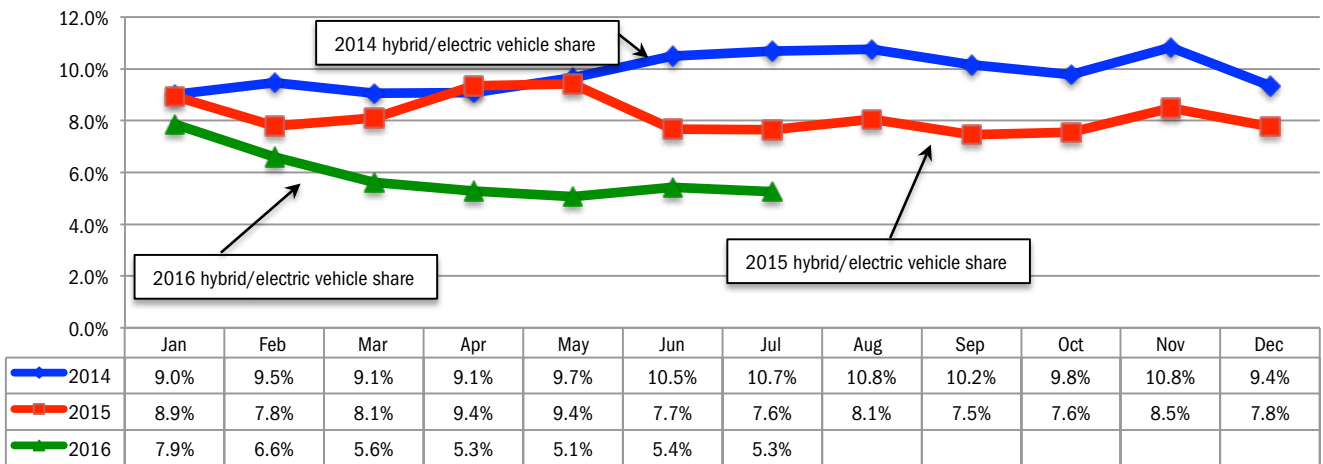


Data Source: AutoCount data from Experian Automotive.

**Percent Change in Brand Registrations
YTD 2016 thru July vs. YTD 2015
(Top 30 selling brands)**



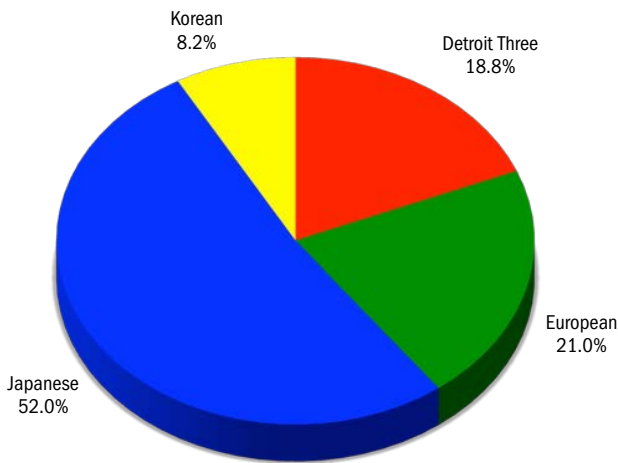
Combined Hybrid and Electric Vehicle Market Share in LA County



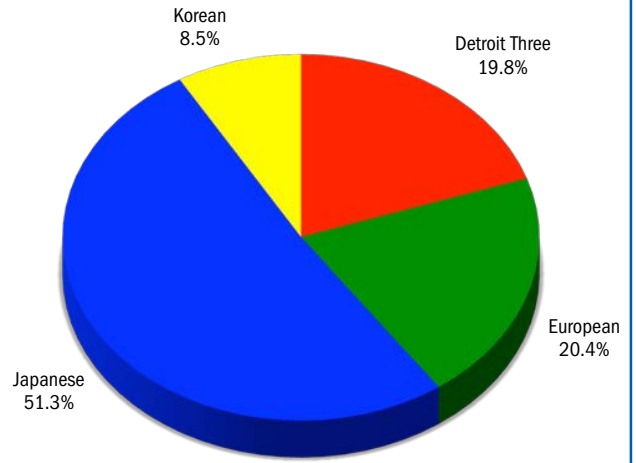
Data Source: AutoCount data from Experian Automotive.

Market Share for Japanese, Detroit Three, European, and Korean Brands - YTD '15 and '16

YTD 2015 thru July

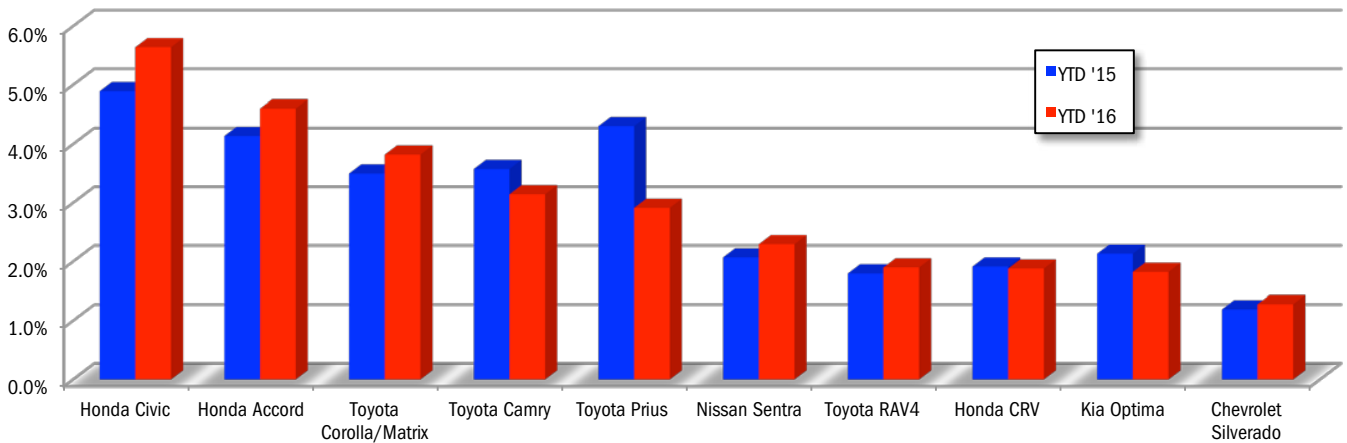


YTD 2016 thru July



Data Source: AutoCount data from Experian Automotive.

Market Share for Top 10 Selling Models in LA County - YTD '15 and '16, thru July



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WHO ARE MY TOP COMPETITORS?
-BY MARKET AREA?

WHAT NEW AND USED CARS SELL WELL IN MY MARKETS?

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Experian Automotive is the data provider for Los Angeles Auto Outlook.