



THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 12-06

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LEGISLATIVE UPDATE

Small Business Health Plans Advance in Senate *A Major Development for Longtime Legislation Effort*

In a major breakthrough in the long quest for Association Health Plans (AHP) legislation, the Senate Health, Education, Labor, and Pensions (HELP) Committee last week approved legislation designed to make health coverage easier and less expensive for small businesses to provide their employees. The Health Insurance Marketplace Modernization and Affordability Act (S. 1955), would override stringent state insurance regulations to allow small businesses to be able to pool together across state lines to buy health insurance.

Committee Chairman Mike Enzi (R-WY) said the bill “puts the power in the hands of small employers and family-owned businesses, rather than in the hands of insurance companies or the government. Let the consumers band together to drive the change that we want to see happen.” Enzi said he would try to bring the legislation to the

Senate floor as soon as possible, but did not set a specific timetable. Similar legislation is also pending in the House.

“At a time when rising health costs are relentlessly pressuring small businesses, supporters say the legislation would provide relief without creating an expensive government program,” reports *The Wall Street Journal*.

“Critics, including most Democrats and some consumer and patient groups, say the legislation would gut state protections for patients.”

Although not as broad as a similar House bill (HR 525) that passed easily last year, the legislation was approved on a straight party line vote of 11-9,

(Continued on page 2)

DON'T DELAY — SIGN UP TODAY!

TRAINING CLASSES FILLING UP!

F&I Professional Certification Program *March 28, 29, 30*

Dealers across the region and the state of Maryland are responding enthusiastically and classes are filling up fast for the upcoming F&I Certification Program, sponsored by MADA and WANADA. The program is designed to ensure that F&I operations deliver customer value and are compliant with the many laws that affect them. The training will be conducted by specialists from JM&A. The full day program will be offered on March 28, 29, 30, 2006 at locations in Greenbelt, Baltimore and Frederick.

The program will take care that everyone is up-to-date on what is needed in today's F&I department. It covers various federal and state finance disclosures and consumer laws, along with privacy and best practices. At the end of the training, a test is administered, which will be the basis of the certification. The cost per F&I professional is \$199, which includes breakfast and lunch.

The announcement letter and RSVP are enclosed in the mailed *Bulletin*. Pick the date and location best for you and have your people sign up today! Space is available “first come first served.” Any questions, call Trish Frisbee at WANADA (202) 237-7200 or Ethel Biensach at MADA (301) 261-1717.

Inside...

- VA Dealer Board Report.....p.2
- Reducing Dealership Energy Costs.....p.3
- Honorable Media Mentions For Area Dealersp.3
- Record 580 St. Patrick's Day SoberRides Provided.....p.4

VA MVDB REPORT

Salespeople Licensing Tops VA Dealer Board Agenda

New legislation will have an impact on the process of licensing salespeople, it was reported at the March 13, 2006 meeting of the Virginia Motor Vehicle Dealer Board (MVDB). The Virginia General Assembly has passed and, the governor is expected to sign, a bill that broadens the definition of a salesperson under the Virginia Code.

Under the expanded definition, F&I personnel and sales managers will be considered salespeople who must be licensed. Once the bill is signed by the governor, the MVDB will be contacting dealers about it. MVDB hopes that dealers will take an early opportunity to license any F&I personnel and sales managers who are not currently licensed, to avoid a crunch of new applicants immediately prior to July 1, 2006, the effective date of the new law.

Other issues of interest included:

Unlicensed Sales People.

MVDB considered three cases involving unlicensed salespeople, which it seems to do at each meeting. These cases almost invariably result in civil penalties being assessed against the dealer. Thus, dealers are once again reminded that all sales personnel must be licensed, and the dealership must have procedures to regularly review the licensing of salespeople.

Dealer Advertising.

A MVDB member requested that the MVDB staff spend more time reviewing television advertising. MVDB is quite proactive

in reviewing newspaper advertising, but it is not in a position to be as aggressive on TV advertising. The staff of MVDB requested that any board member who sees an offending television ad bring it to the attention of MVDB. Therefore, dealers can expect that regulation of all advertising will increase.

Independent Dealer Training. MVDB read a report concerning the independent dealer training. Under the statute, new independent dealer operators (used car dealer operators) must

complete mandatory training prior to being licensed. Franchised dealer operators and franchised dealers who operate separate independent dealerships are exempt. However, franchised dealers should keep in mind that if they start an independent used vehicle store and will use a dealer operator who has not been the dealer operator in a franchised dealership, that person must take the required course.

LEGISLATIVE UPDATE

Health Plan Legislation *(continued from page 1)*

with all committee Republicans supporting and all Democrats opposing. The bill is now reported to the full Senate, where it will be up to Senator Majority Leader Bill Frist (R-TN) to schedule it for floor debate and a full Senate vote. Senate sources indicate that a likely timeframe for Senate floor consideration of S. 1955 is early May, according to The Association Healthcare Coalition (TAHC), which has led the charge for AHP legislation. WANADA is a longtime member of TAHC.

Eight times, the House has approved such legislation only to see it bottled up in the Senate. "Thus, it is a major step forward towards the goal of enacting legislation to provide small and mid-sized businesses with new health benefit options

through association-sponsored health plans," said TAHC.

The legislation also has been strongly supported by NADA and AIADA, which have worked closely with the Small Business Health Care Coalition under the direction of the National Federation of Independent Business (NFIB).

NADA is also working with regional dealer associations on separate employer health-plan legislation in response to the IRS issued regulations that adversely impact state dealer associations that use "experience-rating." NADA supports legislation that would correct the regulation by carving out bona fide association plans to help ensure that dealer associations can continue to offer affordable health insurance.

NADA MONTHLY DEALER OPERATIONS COMMENTARY

Reducing Dealership Energy Costs

Wouldn't it be worth your while to do a little research and, perhaps, save a lot of money for your dealership?

Let's examine energy costs, for instance. Dealerships conduct most of their activities during normal "business hours" which coincide with the times when the demand on the electric utility grid is at its highest. During these periods, utilities may impose demand charges on electric bills. Demand charges are fees imposed by the utility based on a facility's highest electrical demand, or peak kilowatt (kW).

Many utilities actively seek ways to reduce demand and increase their reliability without adding new power plants or new electric lines. Where permitted, electric utilities may continue to increase demand charges. Alternatively, they may price electricity used at different times differently relative to market conditions. For example, during low-demand periods, electricity will be priced very economically, whereas electricity offered during high-demand periods will be much more expensive. These pricing programs reward customers with low or off-peak demand with low electricity costs, while encouraging high-demand customers to lower or shift their peak demand.

Overall, demand charges can contribute significantly to operational costs, especially in areas prone to electrical capacity shortages. Fortunately there are opportunities for dealerships to lower their demand for electricity, including:

- Energy efficiency upgrades that permanently reduce electrical loads.
- Scheduling equipment usage, such as setting cooling units to pre-cool and take advantage of a building's thermal mass during peak billing periods.
- Building automation and direct digital controllers with energy management features that automatically adjust equipment operation to flatten peak demand.
- Thermal storage (ice) to offset cooling in areas of extreme peak electricity charges.

Local electric utilities may offer programs specifically aimed at reducing the electrical demand of small and mid-sized businesses. These programs may include incentives, equipment, or management practices that could help reduce a dealership's demand and save money.

Opportunities and programs to reduce demand are detailed throughout NADA Management Guide BM31, *A Dealer Guide to Energy Star®: Putting Energy Into Profits*, which is the source of the above excerpt. Order this publication and other useful resources by calling (800) 252-NADA, extension 2, or by visiting our online catalog at www.nada.org/mecatalog.

DEALERS, SALESMEN IN THE SPOTLIGHT

Jack Pohanka, Area Salesmen Get Honorable Media Mentions

The media recently featured three very favorable articles on the people who lead and staff the Washington area automobile business.

- **Jack Pohanka of Pohanka Automotive Group** was interviewed in "The Dealer Speaks" feature in the March 20 issue of *Automotive News*. A Washington area icon, Pohanka's chain of 14 stores, which was founded in 1919, is the oldest dealership group in the Washington, DC, area that has remained under the same family ownership. Pohanka was the first US auto dealer to sell both "foreign" and domestic vehicles and the guy who invented the term "megadealer." His distinguished resume also includes founder and chairman of the Capital Automotive REIT, founder of the National Institute of Automotive Service Excellence (ASE), former NADA chairman (1976), after he chaired WANADA (1968). It is an interview not to be missed.
- **German Vidal of Ourisman Honda** in Bethesda, MD was featured in a lengthy profile article, "The Keys to La Buena Vida," in the Style section of *The Washington Post*, March 19. A master at his trade, Vidal is one of the top salesmen in the Washington area — make that one of the best in the country.



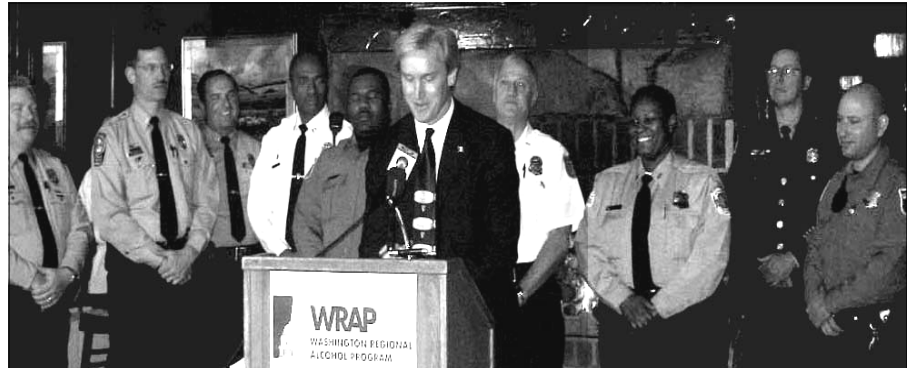
Jack Pohanka
(courtesy of Automotive News)

(Continued on page 4)

FOOTNOTES

A Record 580 SoberRides Provided On St. Patrick's Day

The Washington Regional Alcohol Program's (WRAP) St. Patrick's Day *SoberRide* program provided a *record* 580 free cab rides home to would-be drunk drivers. "This translates into the removal of a would-be drunk driver from our shared roadways every 74-seconds this St. Patrick's Day," said WRAP's President Kurt Erickson.



Kevin Reilly and area police chiefs at St. Patrick's Day *SoberRide* Kick-Off at Murphy's Grand Irish Pub in Alexandria, VA.

WANADA's true-blue Irish-American Kevin Reilly, general manager of Alexandria Hyundai and Fairfax Hyundai, was again a featured speaker at WRAP's St. Patrick's Day *SoberRide* Kick-Off press conference at Murphy's Grand Irish Pub in Alexandria, VA. Surrounded by police chiefs and representatives of all area police jurisdictions, Reilly praised the life-saving efforts of the program, which has provided more than 30,000 free cab rides to would-be impaired drivers since WANADA helped co-found *SoberRide* in 1982. As in past years, WANADA showed its continuing support and sponsorship of the program with a check for \$7,500.

This year's St. Patrick's Day *SoberRide*, which operated from 4:00 pm, March 17 through 4:00 am, March 18, was offered free cab rides up to \$50 in DC; throughout the Maryland counties of Montgomery and Prince George's; and throughout the Northern Virginia counties of Arlington, Fairfax, (eastern) Loudoun and Prince William. In addition to WANADA, sponsors of this year's St. Patrick's Day *SoberRide* offering include Anheuser-Busch, Baileys, Cingular, Enterprise Rent-A-Car Foundation, and Red Top Cab.

Honorable Media Mentions *(continued from page 3)*

An excellent read for all aspiring sales professionals. If you missed it, go online to <http://www.washingtonpost.com/wp-dyn/content/article/2006/03/18/AR2006031801359.html>.

- **Wanda Cockrell, service manager at Jim Coleman Toyota** in Bethesda, MD received a very favorable mention at the tail end of a March 14 article in *The Washington Post*, entitled "Key Codes Leave Car Owners Locked Out." The article discussed the high cost and hassle of replacing high-tech, anti-theft ignition keys, including an example of one woman whose 2002 Toyota Highlander was flooded during Hurricane Katrina at her home near New Orleans. Once she moved to Washington, the woman took her Highlander to Jim Coleman Toyota where Cockrell "took care of the \$305 bill to cut and program two keys. And she threw in an oil and fluid change," said *The Post*.

Thought for the Month...

Truly great [March] madness cannot be achieved without significant intelligence.

—Henrik Tikkanen

Enclosures:

- MD F&I Professional Certification program registration form and brochure