



# THE WANADA BULLETIN

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

WANADA Bulletin # 30-15

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## *Hot off the Press!*

### **H.R. 1737 clears House committee as Congress moves to curb regulator overreach into auto financing**

Yesterday, July 30, 2015, legislation that is critically important to America's auto dealers and their consumer lending partners successfully passed out of the House Financial Services Committee that would rein in overly aggressive federal regulators who have been on a mission to curtail auto dealer credit arranging in financed vehicle sales. Impressively, the bipartisan vote on H.R. 1737 was 47 to 10, which bodes well for the prospect of the "Reforming CFPB Indirect Auto Financing Guidance Act" passing successfully out of the full House, where it now goes, before heading to the U.S. Senate.

Rep. John Delaney (D-Md.) a Washington area member of Congress who was on the Committee, voted in favor of H.R. 1737. Correspondingly, Gerry Connolly (D-Va.) is one of the 127 co-sponsors of the bill in the House. WANADA applauds both these lawmakers for their support of this dealer initiative.

The timing of the success of H.R. 1737 out of the House Committee is no coincidence, coming as it did hot-on-the-heels of last week's Summer Conference of the Automotive Trade Associations network (ATAE) in Detroit (see WANADA Bulletin 29-15 of July 24 for the full report). There, NADA in conjunction with NAMAD and AIADA briefed dealer associations from the states and major metro areas across the U.S., including WANADA, on the importance of an all-out dealer grass roots effort with House members to support H.R. 1737.

As has been well publicized, the dealer advocated legislation in the House was necessary to curb the Obama administration's Consumer Finance Protection Agency's pressure on finance

institutions it regulates to limit or eliminate the role of auto dealers as credit arrangers in financed vehicle purchases. CFPB's rationale, which the agency has yet to substantiate, is based upon its allegation that dealers' discriminate against minority auto buyers who regularly get less favorable rate offers from dealers than non-minorities.

NADA through WANADA and other dealer associations in the ATAE network continues to urge dealers nationwide to contact their House members in Congress to thank them, in the case of Reps. Delaney and Connolly, or urge their support of H.R. 1737 if they haven't yet become co-sponsors. Click [here](#) for a list of co-sponsors and [here](#) for NADA's issue brief on H.R. 1737, or visit [www.nada.org/CFPB](http://www.nada.org/CFPB).

WANADA salutes NADA, NAMAD and AIADA for their leadership on this critically important matter to dealers everywhere!

## 2016 Auto Show floor plan for Washington mirrors 2015



Geoff Pohanka, chairman of the Washington Auto Show, welcomes OEM exhibitors to the 2016 Space Draw



WAS Manager, Bob Yoffe *tossing a coin* to see who draws first for space between Tim Glynn, VWoA, and Tiffany Osentoski from George P. Johnson, representing Nissan

The 2016 Washington Auto Show continued preparations for the end of January time frame with its pivotal annual event, the Space Draw. Here, automakers determine for themselves where their exhibit will be in the W.E. Washington Convention Center. The event was the usual combination of serious business and fun.

*“If it ain't broke, don't fix it* is a crude way to put it, but the Auto Show floor plan from last year lays out well for everyone this year, especially the OEM exhibitors who determined it,” said Auto Show Chairman Geoff Pohanka, referencing last week's Space Draw in DC.

*“We've got the luxury brands all grouped together on level one, with the Detroit Three and Toyota well situated on level two which creates a logical exhibit presentation that in turn facilitates visitor traffic flow and the wow factor when consumer days begin,”* he said.

OEM space is up by about 5% for 2016, over 2015, reported show manager Bob Yoffe who presided over the Space Draw. 2016 WAS consumer days number 10, Fri., Jan. 22-Sun., Jan. 31.

“It is helpful, too, that the 2016 NADA Convention has moved out of conflicting dates with Washington Auto Show as was the case this year,” said Barbara Pomerance director of show communications, media and promotions. The absence this year of any conflict with NADA’s Convention will be especially helpful, Pomerance said, to Industry Media Days, or *Public Policy Days*, which preview the 2016 WAS for members of Congress, the Cabinet members, high ranking federal officials and all levels of media. “We’re looking at a lot of options for Public Policy Days next January, including the prospect of a Cannon Office Building industry symposium and some unprecedented ride-and-drives on downtown Washington streets,” she said.



WANADA leaders officiating at The Auto Show Space Draw. From the left: John O’Donnell, WANADA president and WAS producer, with Geoff Pohanka, show chairman; Charles Stringfellow, Auto Show Committee; and Gerard Murphy, WANADA general counsel.

All OEM exhibitors from 2015 were “present or accounted for” at this year’s 2016 Washington Auto Show Space Draw, which happened last Wednesday, July 22, at the historic Carnegie Library, directly across the street from the W.E. Washington Convention Center where the show will occur.

Joining Pohanka on the Auto Show Committee for WANADA are: George Doetsch, Apple Ford/Lincoln; Daniel Jobe, Capitol Cadillac; John Ourisman, Ourisman Automotive Companies; Kevin Reilly, Alexandria Hyundai; Mark Zetlin, Mercedes-Benz of Arlington; and former Washington Auto Show chairman, Charles Stringfellow.



Samuel Thomas, general manager W.E. WCC (left) with WAS CFO Isabel Garcia and Matt Chaney of Hargrove, official decorators for the WAS.



David Tillapaugh, Ford’s global auto shows operations manager at the WAS Space Draw.

Further information about the show is available at [www.washingtonautoshow.com](http://www.washingtonautoshow.com). Check back for updates.

## Bob Storin joins WANADA's executive team handling marketing, sponsorships and events



Former WANADA contractor, Bob Storin, who identified and implemented marketing and sponsorship strategies for the dealer association since 2013, has signed onto the WANADA staff as director of marketing and sponsorships, but also event management. Having supported WANADA through his own marketing firm, Storin Associates, which he closed when he came on staff for the association earlier this month, Storin's principal focus was lining up sponsorships and advertising sales for The Washington Auto Show. When it became evident in recent times that he could be equally effective performing the same sort of services in other WANADA realms -- like the Annual Open, Annual Meeting, and the Membership Directory -- it made sense for all concerned to have him on the senior staff in the position he now holds.

"Working closely with Bob over the past couple of years made it clear that he's a get-the-job-done kind of professional who consistently delivered on his goals and objectives for WANADA," said John O'Donnell of his newest hire. "Expanding his role into event management is something we could do having him on staff, which is timely after Kristina Henry left that position earlier this year," said O'Donnell.

Storin also brings to the job a wealth of media organization experience to include stints with Comcast Spotlight, Discovery Networks, and, earlier on, Home Team Sports. A native of Miami, Florida, where he also graduated from college, Storin has settled in to the Washington region and enjoys his current status as a Washingtonian.

"While it's business as usual in many respects for me on the Auto Show, I'm enthusiastic about my expanded involvement with WANADA which I've found to be an energetic, fresh, cutting-edge organization," said Storin.

WANADA wholeheartedly welcomes Bob Storin to its Washington area dealer association team.

## Judge strikes down Montgomery's approach to the rain tax

A Montgomery County judge struck down the Water Quality Protection Charge, a.k.a. the "rain tax," this week. Unless the case is successfully appealed, the ruling by Judge Nelson W. Rupp, Jr. will likely mean the county has to revise its regulations and procedures governing the fee, according to the *Daily Record*.

"This does not kill the rain tax, but it will require the county to impose assessments more fairly and consistently," said dealer attorney and WANADA Kindred line member Michael Charapp, Charapp & Weiss, LLP.

The Maryland General Assembly transferred the responsibility of figuring out the rain tax from the state to the counties. The state law that requires counties to come up with a way to pay for stormwater cleanup remains in place leaving it to the counties to figure out who to assess storm water fees to and at what rate.

The judge said that under the state law, counties may charge only to recover their stormwater management costs and may not levy a fee greater than that. The case was a victory for developer Paul N. Chod, whom the county charged a \$11,000 stormwater fee for his 34-acre Shady Grove Development Park in Gaithersburg.

The county has not yet said whether it will appeal the decision or simply go back to the drawing board to come up with a different approach consistent with the court's decision.

## 32-acre campus to test driverless cars opens in Ann Arbor



Mcity is designed to test the capabilities of autonomous and connected vehicles.

The University of Michigan last week opened Mcity, a controlled environment designed to test connected and automated vehicle technologies to be used in mass market driverless cars.

“We believe that this transformation to connected and automated mobility will be a game changer for safety, for efficiency, for energy, and for accessibility,” said Peter Sweatman, director of the U-M Mobility Transformation Center.

The 32-acre site simulates an urban and suburban environment that includes a network of roads with intersections, traffic signs and signals, streetlights, building facades, sidewalks and construction obstacles. It is designed to support rigorous, repeatable testing of new technologies before they are tried out on public roads.

Designers made a point of including realistic details, such as road signs defaced by graffiti and faded lane markings. Researchers will be able to test real-life situations including whether automatic braking systems can detect bicyclists or pedestrians who walk into a busy street from behind a truck.

Mcity researchers will test connected technologies – vehicles talking to other cars or to the infrastructure (V2V or V2I) – and various levels of automation up to fully autonomous vehicles.

Although Google has tested autonomous vehicles on public roads in California and Texas, U-M researchers said that Michigan's cold weather will give them a chance to test how the cars react to ice on the road or snow obscuring lane markings.

Mcity is a public-private partnership among industry, state government and academia. Sponsors include several automakers and suppliers. The university's goal is to put a shared network of connected, automated vehicles on the road in Ann Arbor by 2021.

## NHTSA chief supports new auto technology

NHTSA Administrator Mark Rosekind said last week that the agency wants to encourage new technology such as autonomous and connected vehicles. “NHTSA is not interested in erecting roadblocks to safety innovations,” he said at the Automated Vehicle Symposium in Ann Arbor.

DOT aims to have a proposal to require vehicle-to-vehicle (V2V) communications in new vehicles ready for agency review by the end of the year. But Rosekind emphasized that safety should be the priority. “I would encourage all of you, in your discussions with NHTSA on how the agency can encourage innovation: Put safety first, and bring the data.”

Cybersecurity and privacy must also be high priorities, Rosekind said. NHTSA is working with security experts to design and test a security system for V2V transmissions. He praised automakers' recent announcement that they had formed an Information Sharing and Analysis Center to fight security threats.

Rosekind also talked about testing for potential spectrum sharing and interference with V2V radio signals. He said DOT is fine with sharing the spectrum as long as safety is not compromised. But testing to ensure safety is critical.

In a session with reporters in Detroit, Rosekind addressed the question of forward collision warning systems, which some observers had previously said NHTSA may mandate. But he said the agency will instead revise its NCAP (New Car Assessment Program).

## Safety features yield more satisfied owners, survey says

Many industry observers have said that safety sells. Now J.D. Power says the safety-related technologies that manufacturers are increasingly equipping their new vehicles with, are making those vehicles more appealing to their owners. That's the conclusion from the 2015 U.S. Automotive Performance, Execution and Layout (APEAL) Study.

Some safety features, such as blind-spot monitoring and warning system, can significantly boost scores, the company said.

"Unlike other technologies such as voice recognition, that can be challenging to operate, most safety features provide information in a more intuitive way, giving owners a greater sense of security," said Renee Stephens, vice president of U.S. Automotive Quality at J.D. Power.

The study found that 36 percent of owners have blind-spot monitoring and warning systems, 21 percent have lane-departure warning systems, 46 percent have park assist/backup warning, and 25 percent have collision avoidance/alert. And owners use those systems regularly.

Consumers will pay more for those features. A J.D. Power study earlier this year found that they are willing to pay a market price of \$750, on average, for blind-spot detection and prevention systems.



The Porsche Macan earned the top spot in the study's compact premium SUV segment.



Models, such as the Chrysler 300, brought Fiat Chrysler to the top of Strategic Vision's Total Quality Index.

## FCA tops Strategic Vision's Total Quality Index

Another survey, another quality brand ranking. Strategic Vision says its Total Quality Index not only measures problems, but also includes more than 155 specific aspects of the customer's experience. And Fiat Chrysler Automobiles came out on top.

Perhaps more important, every automotive brand in this year's survey had less than half a problem

per vehicle on average, said Alexander Edwards, president of Strategic Vision. In 1997, only 15 percent of car brands could say that.

The study ranked Volkswagen Group and General Motors as tied for the industry's highest score after FCA.

## What do auto surveys really mean? And why are they so different?

An incisive piece by Paul Eisenstein in TheDetroitBureau.com addresses the question of why different auto surveys can have opposite results, with FCA on top of one survey and at the bottom of another. One answer: They often measure different things, whether problems with the car, overall ownership experience or even what Strategic Vision calls "love for the product."

So rather than looking at winners and losers, it might be more useful to look at overall trends. Many are good news for the industry and may be worth pointing out to customers. Here are some that Eisenstein found:

- Overall quality has improved substantially in the past 10 years, and the gap between best and worst is much smaller.
- GM and the Koreans have dramatically improved initial quality.
- Traditional mechanical problems are much more rare than in the past, but high-tech ones are more common.
- Japanese makes tend to outrank others after several years of ownership.

## Reminder: How to subscribe to Maryland MVA Dealer Bulletins

Here's the link to subscribe to Maryland Motor Vehicle Administration Dealer Bulletins: <http://www.mva.maryland.gov/businesses/bulletins/subscribe.htm>. There's no limit to the number of people who can subscribe, so as many dealership employees who want to can sign up.

## One-third of Washington area roads rated 'poor'

Just under one-third of Washington area roads are rated poor, 29 percent mediocre, 14 percent fair and 24 percent good, according to the national transportation research group, TRIP.

The news could be a lot worse. We didn't even make the top 25 large urban areas with poor roads. San Francisco-Oakland won the top honor (if you can call it that), with 74 percent of its roads rated "poor". Rounding out the top five were Los Angeles-Long Beach-Santa Ana; Concord, Calif.; Detroit, and San Jose.

Driving on deteriorated urban roads costs motorists as much as \$1,044 annually, the report says. Driving on poor roads, accelerated vehicle deterioration and depreciation, increases needed maintenance, fuel consumption and tire wear. The subpar condition of area roads here should keep dealership service departments busy.

### Staying Ahead...

Shallow men believe in luck. Strong men believe in cause and effect.

--Ralph Waldo Emerson