



2020 Illinois DOC fee max increases to \$300

There's no waiting this year for the U.S. Labor Department's December report on the consumer price index to determine next year's documentary service fee. The maximum amount that can be charged will be \$300, the result of legislative action last spring.

The CATA is developing a poster about the DOC fee that dealer members can display. On the poster, the DOC fee amount is left blank for dealers to fill in; any amount up to the maximum allowed may be charged, but all customers should be charged the same amount. Systematically charging one group but not another — all males but no females, for instance — could bring charges of profiling.

Two copies of the poster mailed to dealers Dec. 11. For limited additional copies, call the CATA at (630) 495-2282.

IMPORTANT: The new maximum fee cannot be charged before Jan. 1.

2019 year-end 701, 731 holiday, pay issues

BY LITTLER MENDELSON P.C.
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We typically receive many inquiries at this time of year regarding the upcoming holiday schedule under the Mechanics Local 701 Standard Automotive Agreement and/or the Teamsters Local 731 Garage Attendants Agreement. The following summarizes some of the key issues regarding these holidays. Dealers with additional questions should contact Terry Creamer at (312) 795-3233 or tcream@littler.com, Chris Johlie at (312) 795-3230 or cjohlie@littler.com, or Dave Radelet at (312) 795-3244 or dradelet@littler.com.

MECHANICS LOCAL 701

Recognized Holidays

Day Before Christmas: Tuesday, Dec. 24, 2019

Christmas Day: Wednesday, Dec. 25, 2019

New Year's Day: Wednesday, Jan. 1, 2020

Substitute Another Day in Lieu of Day Before Christmas

A dealership and its employees may agree to a substitute another day and choose to work on the Day before Christmas Day. This is a voluntary decision for each employee. If another day is used, holiday overtime premiums are not applicable to any hours worked on the Day before Christmas Day.

Eligibility for Holiday Pay

Unless excused by the employer, employees must work their regularly scheduled day immediately before and after a holiday in order to receive holiday pay. Probationary employees are not eligible for holiday pay within the first sixty (60) calendar days of their employment.

Amount of Holiday Pay

Holiday pay for Journeymen Technicians is eight hours times the JT hourly rate noted in Appendix 1

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Recreational marijuana in Illinois will bring workplace implications

Illinois on Jan. 1 joins 10 other states plus the District of Columbia where possession and recreational use of marijuana by adults aged 21 and older is legal. In addition,

33 states have enacted medical marijuana laws. But the Cannabis Regulation and Taxation Act, signed by Gov. J.B. Pritzker on June 25, differs from the others by the

scope of its law.

The CRTA deals explicitly with the employment-related implications of legalizing recreational marijuana in Illinois. The statute expressly

allows the state's employers to:

- maintain "zero-tolerance" and drug-free workplace policies, including

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Most polled dealers fluctuate parts pricing

A new study indicates that car dealers price auto collision parts like they price vehicles: It varies.

Just like a vehicle price can go up and down depending on factors such as time of month, parts prices often are adjusted for various reasons.

According to the JDJS Consulting survey of 337 franchised auto dealerships, 85% using online platforms for pricing and procuring collision parts report they vary pricing to match local conditions, expand geographical market and become more competitive.

They also say they employ conquest-style pricing on more parts, even without manufacturer support programs.

Dealers who utilize flexible pricing report a “win” rate of 55% on their quotes compared with 41% for dealers who stick with fixed prices.

JDJS said the polling indicates online technology that provides real-time pricing and procurement data can help drive de-

partment competitiveness and profitability.

“The dealers told us it’s critical for them to look beyond the available manufacturer pricing support or conquest pricing,” said JDJS Consulting President Mike McFall. “They also told us pricing flexibility has been a most effective strategy in winning more quotes.”

The survey focused on how dealers utilize online collision-repair parts platforms (such as PartsTrader or PartsTrader integrated with OE Connection) to price competitively, increase market share and create effective pay and financial incentive plans for parts managers.

The study asked dealers why they allow discretion in pricing quotes. Their responses:

- Trying to gain market share in existing territory: 53%
- Trying to grow sales in a new territory: 43%
- New customer is ordering: 41%
- Existing customer is ordering: 38%

College collision repair program needs car parts

Instructors of a new collision repair program at a Chicago community college need up to 20 donated automobile hoods and fenders for coursework that begins in January.

The panels will be used to teach students at Kennedy-King College how to prepare the surfaces for painting and applying base color and clear coat. Any vehicle make and model happily accepted.

To donate a part, contact an instructor, Ken McMillian, at kmcmillian@ccc.edu. The email suffix relates to City Colleges of Chicago, of which Kennedy-King is part.

Unions

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of the Standard Automotive Agreement. Other Technicians receive eight hours times their applicable hourly pay rate. Employees who are employed on a four-day, 10-hour work day schedule receive 10 hours of pay.

Holiday Falling Within a Vacation or on a Scheduled Day Off

Employees on vacation or where the holiday falls outside their regular work week may choose between an extra day’s pay or an extra day off with pay. This choice must be communicated by the employee to the employer at least three days before the holiday.

TEAMSTERS LOCAL 731

Recognized Holidays

Day Before Christmas: Tuesday, Dec. 24, 2019

Christmas Day: Wednesday, Dec. 25, 2019

New Year’s Day: Wednesday, Jan. 1, 2020

Substitute Another Day in Lieu of Day Before Christmas

Dealerships can substitute another day in lieu of treating the Day before Christmas as a holiday. In that case, holiday pay will not be applicable if employees work on the Day

before Christmas.

Eligibility for Holiday Pay

Employees who have passed their probationary period and regularly work a full workweek are eligible to receive holiday pay if they work their regularly scheduled full day immediately before and after the holiday. If these conditions are satisfied, employees must be paid even if the holiday falls outside of their regular work week.

Amount of Holiday Pay

Holiday pay is the number of straight-time hours the employee normally works in one full day times the employee’s standard hourly rate. Accordingly, employees who regularly work eight hour days should receive eight hours of pay.

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Why dealerships matter to every generation

By **PETER WELCH**

NADA PRESIDENT AND CEO

Over the last year, a number of popular narratives about the future of the auto industry have succumbed to hard, cold reality.

The biggest of these narratives was that fully autonomous vehicles were just a year or two from taking over our roads. There had been so many pronouncements about robo-cars taking over the country, they were almost too numerous to count.

By 2019, however, we could no longer ignore the reality that the engineering challenges associated with safely removing humans from the driving equation were far greater than promised two years earlier.

But there were other narratives that were just as bold, and just as wrong. For example, ride-hailing would continue to grow and make personal transportation so cheap that nobody would consider owning their own vehicle.

Not only has ride-hailing proven to be far more expensive than personal vehicle ownership, but the latest data we now have — directly from the main app-based ride-hailing services — suggests that the number of hailed trips may already have peaked in our largest metro areas. Moreover, the number of vehicles owned per household has actually gone up for three years in a row.

Fully autonomous vehicles will eventually penetrate the new-vehicle market in a meaningful way. But it will probably take several decades, not a few years. However, new-car buyers don't have to wait to reap the benefits of vehicle autonomy given that so many current-model vehicles are loaded with advanced driver assistance systems (ADAS) that are already reducing driver injuries and fatalities.

Multiple studies show that the

combination of two or more of these SAE Level 2 ADAS systems in today's cars and trucks can provide 80% or more of the safety benefits of fully autonomous vehicles.

Yet even as we've come back to earth on robo-cars and ride-hailing services as the displacement of personal vehicle ownership, other disruption scenarios are still swirling around, i.e., that consumers are clamoring to buy vehicles completely online; car buyers don't trust dealers or want them to be part of the shopping experience; and younger generations are totally averse to physical dealerships and personal vehicle ownership in general.

Nothing could be further from the truth.

The idea of e-commerce fully displacing physical dealerships has been around as long as the internet. And while it's true that consumers are spending more time researching online for vehicles to purchase, it's not as much as one might think. According to the latest Cox Automotive Car Buyer Journey Study, in 2019 car buyers spent an average of 14.5 hours researching and shopping for a vehicle. 61% of this time was spent online, but 34% of the total time spent researching and shopping — not purchasing — was done at dealerships.

This survey is supported by other data.

A recent Harris Poll study commissioned by Urban Science shows that consumers are visiting 2.5 dealerships before a purchase, with 68% visiting more than one.

"That's one of the important findings of this from a dealer standpoint," Randy Berlin of Urban Science told Automotive News in August. "Right now all the data or so-called studies provided to the industry indicate that customers are visiting only like 1.2

dealers. This research is saying quite the opposite."

Even more interesting, according to Urban Science: Average dealership visits by generation is actually highest among Gen Z and young Millennials. The average Baby Boomer visited 2.2 dealerships, Gen X visited 2.3, and older Millennials visited 2.2. But Gen Z/young Millennials visited 3.5.

Berlin said the research flips on its head "the total misnomer that the young people want to do everything online."

"They're the ones that are looking at multiple brands, but also multiple dealers," said Berlin of Gen Z and young millennial car buyers. "Intuitively, I guess that makes sense. It's their first major purchase. They're not loyal to any brand yet. So for them it really is an active shopping experience."

And they're buying. Reams of data from the auto industry, the lending community and even the Federal Reserve show unequivocally that Millennial and Gen Z consumers simply delayed major purchases, including their first vehicles, longer than previous generations. Whether you measure it by cars, homes, moves or kids, they are catching up fast.

Polls and studies are also showing another thing: Consumers, in particular young ones, don't want an online-only shopping experience for major purchases; they want an omnichannel experience. This is why Apple has retail stores that are always full of their latest products. And it's why other "online" brands such as Casper, Warby Parker and Bonobos have complemented their online presence with nearly 500 retail locations. It's also why dealers will continue to offer the "clicks and bricks" experience that consumers truly want when buying a car or truck.

Tightening credit standards to slow auto growth

Tightening lending standards from auto finance companies, interest rates and rising vehicle prices are poised to reduce total outstandings about 5% through 2020 and 2021, according to Moody's Analytics U.S. Consumer Credit Outlook.

In fact, finance companies have stiffened underwriting guidelines due to deterioration in credit performance, which has allowed banks and credit unions to take the lead on new originations. A majority of those new loans are being origi-

nated to middle-aged, high-income borrowers with an appetite for 60-month loan terms.

Lender pullback and credit tightening, however, have stabilized the overall default rate, especially for borrowers with higher risk, Moody's data shows. Still, the default rate for borrowers with credit scores ranging from 580 to 699 continues to increase. Looking forward, Moody's is eyeing low-income borrowers with short-term loans as a potential risk to the health of the auto market.

Pot

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policies regarding drug testing, possession, use and/or being intoxicated or impaired by marijuana while on duty, on call, or on an employer's property; and

- take disciplinary action against an employee who violates an employer's established policies regarding such matters.

However, Illinois employers must be cautious in applying these policies so as not to violate the Illinois Right to Privacy in the Workplace Act — a separate statute that has been on the books in Illinois for many years — which prohibits employers from taking an adverse employment action based on an individual's use of legal products while off duty and not at the workplace. "Off duty" conduct means during non-work hours and also, per amendment by the CRTA, non-on call hours. The CRTA also amends the IR-PWA to clarify that "legal products" includes all products that are legal under state law, which includes alcohol, tobacco and, as of Jan. 1, 2020, marijuana.

Accordingly, Illinois employers should not rely solely on a drug test as conclusive evidence of an employee's use of or impairment by marijuana in the workplace or while on call because the metabolites tested for in a marijuana drug screen (THC and other cannabinoids) can be present in the system for several days after use and long after

an individual is impaired. For that reason, employers should rely primarily on observable indications of impairment as the basis for further investigation (including for-cause drug testing) or disciplinary action.

To this end, the CRTA explains that an employer may "consider an employee to be impaired by or under the influence of cannabis if the employer has a good faith belief that an employee manifests specific, articulable symptoms while working that decrease or lessen the employee's performance" of their job or position. The statute provides that examples of such symptoms include an employee's speech, physical dexterity, coordination, irrational or unusual behavior, and disregard or negligence in the performance of their job duties, particularly with regard to safety-related matters.

Important, the CRTA expressly states that it does not create a private cause of action by an employee against an employer who takes adverse action against them based on such a good faith belief, however, the statute does require such employers to provide the employee with an opportunity to contest the basis for the decision.

Employers also need to note that the CRTA, like other state marijuana laws, does not preempt federal law criminalizing the use and possession of marijuana, or an employer's obligations under federal Department of Transportation regulations or as a federal contractor. Following passage of the first state law legalizing recreational

drug use, the DOT issued a notice of compliance in December 2012 reinforcing its long-standing regulation against the use of marijuana by individuals holding safety-sensitive positions (e.g., pilots, commercial truck drivers, school bus drivers), expressly stating that state laws legalizing the use of marijuana "have no bearing" on the DOT's regulated drug testing program.

The DOT specified that individuals who test positive for marijuana under such a drug testing program will not be deemed to have tested "negative" even if their use was permitted under a state law authorizing recreational or medical marijuana use.

The confluence of these and other federal and state laws regarding marijuana use and possession has created a conundrum for employers since the beginning. Federal lawmakers continue to discuss laws that would decriminalize marijuana on the federal level, or leave the decision to the states, but at this point, no such laws are imminent.

In the interim, Illinois employers (and employers in other states that have legalized recreational marijuana use) should review their policies and procedures to ensure they comply with the intricacies of both federal and state marijuana laws, and as individual situations involving marijuana use arise, analyze them on a case-by-case basis under any the construct of other potentially applicable statutes, such as the Americans with Disabilities Act, similar state disability laws, and workers' compensation.