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Make plans to attend the CATA Spring Event on May 17

Join fellow members of the Chicago Automobile Trade Association on May 17 for a three-fer presentation that culminates with complimentary slow-smoked pulled pork sliders to help all attendees get into the barbecue spirit.

At 9:30 a.m., the CATA will host a coffee and pastry networking reception for attendees with the more than dozen allied members of the association which have been named CATA Approved Member Partners and Recommended Consultants. Learn how the companies can help yours.

Then at 10:15 a.m., attend an educational seminar to sharpen your recruiting and hiring skills. Allied member Hireology's presentation, "People: Your Only Sustainable Difference," will share the latest research on hiring Millennial/GenY employees and explain the what, how and why of staffing your dealership to compete now and in the future. Plus, with May college graduations imminent, get feedback on how to get your dealership in front of the top-tier graduates who are entering the workforce.

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The event features an educational seminar to help employers improve their recruiting and retention efforts, and a barbecue boot camp in advance of the July 16 Barbecue for the Troops, a USO of Illinois fundraiser.



Local 701 funds now payable online

The Automobile Mechanics Local 701 Benefit Fund Office this month introduced electronic reporting and payment of benefit fund contributions. The use of electronic reporting is voluntary, so dealers are encouraged, but not required, to use the process.

For dealers who also contribute to the Teamsters Local 731 benefit funds, that union reportedly is using the same vendor that 701 uses for electronic reporting and payment. When it is implemented, the two systems should be

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Supreme Court hears dealership OT pay suit

The U.S. Supreme Court on April 20 heard arguments in the case of five service advisers at a California dealership who say they are entitled to overtime pay for their 55-hour workweeks. The dispute could have big implications for dealerships and their compensation structures.

A ruling is expected before the court completes its session in late June. If the justices vote 4-4 on the matter, the ruling of the 9th U.S. Circuit Court of Appeals, which sided with the service advisers, would be upheld, although the tie would mean the case would not set any sort of precedent.

In the case, Navarro v. Encino Motors, the employees contend that their job descriptions and functions qualify them for overtime pay. The dealership countered that service advisers, who can suggest additional work for a customer's car that is not immediately needed, are primarily salespeople who also take part in the servicing of vehicles and thus are exempt from overtime under provisions observed by the Fair Labor Standards Act.

Dealers and many courts have long considered service advisers to be exempt from overtime pay, and dealer-

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OSHA penalties to increase Aug. 1

Unlike the Environmental Protection Agency, whose penalties are regularly adjusted due to inflation, the Occupational Safety and Health Administration does not similarly structure its penalties; instead OSHA is required to obtain congressional approval to increase penalties.

The result: OSHA maximum penalties have virtually remained the same for decades and are disproportionate to the severity of penalties enforced by other agencies, such as the EPA and the Department of Transportation.

The Bipartisan Budget Act of 2015 includes a provision giving OSHA the authority to increase penalties in line with inflation by allowing a “catch-up adjustment” dating back to 1990. From 1990 through the end of 2015, the consumer price index rose by about 80 percent. Applying this logic, the resulting increases in OSHA penalties are estimated as follows:

- Serious Violation Fine: Increase from \$7,000 to about \$12,600
- Repeat or Willful Fine: Increase from \$70,000 to about \$126,000

David Michaels is the longest serving assistant secretary of labor for OSHA, and he has consistently worked to increase OSHA’s enforcement strength and effectiveness. OSHA has been given the authority to increase penalties effective Aug. 1, 2016, but the agency has not confirmed the percentage of increase that will be applied. Following the initial increase, OSHA will be permitted to increase penalties annually based on the consumer price index. “OSHA penalties,” Michaels said, “must be increased to provide a real disincentive for employers accepting injuries and worker deaths as a cost of doing business.”

Workplace injuries and illnesses cause an enormous amount of physical, financial and emotional hardship for individual workers and their families. At the same time, costs to employers also are substantial, such as for workers’ compensation payments, decreased productivity, and the costs of replacing injured workers. These harsh realities underscore the urgent need for employers to provide a safe workplace for their employees.

The increase in penalties is scheduled to take effect Aug. 1 in all states regulated by the federal OSHA. The federal changes will not automatically apply in “State Plan” states. But since regulations in State Plans must be at least as effective as federal OSHA requirements, penalties in State Plans may also be increased to match federal penalties.

Are you ready?

Here are some recommendations for businesses to make sure their facilities are ready for an OSHA inspection:

- Evaluate your safety program
- Ensure your inspection frequency is adequate
- Verify training is up-to-date

Most of DuPage to see tax drop

Dealerships whose properties are served by the DuPage Water Commission will collect a quarter-cent less sales tax beginning June 1, when the Commission becomes a self-sustaining utility. The 0.25 percent reduction is projected to save consumers \$33 million annually.

The Commission’s ter-

ritory includes most of the municipalities in DuPage County plus slivers in Cook and Will counties.

Under Illinois Public Act 96-1389, which took effect years ago, the Commission’s taxing authority was to cease June 1, 2016, unless voters approved a referendum allowing it to continue imposing a sales tax. They didn’t.

Union

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similar.

Local 701’s new remittance system, called ISSi-Remit, eliminates duplicate entry of remittance data and saves time and money for both dealers and the union benefit fund operators. It also allows for a single point of payment for multiple union entities: Pension Fund, Welfare Fund, HRA Fund, and Defined Contribution 401(k) Fund.

For more on the new system, call Local 701’s office at (708) 482-0110.

CATA annual golf outing June 14 at Cog Hill



Join fellow CATA members at Cog Hill and Country Club in Lemont on June 14 for a day of camaraderie and golf. Participants will enjoy lunch and dinner in addition to golf, with many contests and prize holes.

Full details and registration at www.cata.info.

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Review past editions dating to 1998 or search by subject at www.cata.info/publication/bulletins.

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Experts see bright future for adaptive auto lighting

Being blinded by an oncoming car's high beams — or failing to see deer about to cross the road because of too-dim low beams — soon could be problems of the past.

Advanced headlight systems with adaptive driving beams are expected to light U.S. roadways, possibly in the next year. The so-called “glare-free high-beam systems” have the ability to automatically spotlight specific areas of the road while driving.

“It's safety, safety, safety,” said Gavin Warner, who oversees research and development in North America for Valeo Lighting Systems. “It really allows the driver to have a more comfortable vision when (she is) driving and allows (her) to see obstacles that would normally be hidden left and right of the vehicle because you're just on low beam.”

For rear-approaching and oncoming cars, it avoids the glare many drivers experience when another motorist has high beams on. Warner called it “safety and comfort for everybody.”

A forward-facing camera senses other traffic, and the car's computer controls beam patterns to maximize lighting while reducing glare. Many of the new systems use a matrix of LED lights that modulate based on need: When oncoming traffic is recog-

nized, the system may tell the headlight to dim only the diodes on the far left of the driver's-side headlight while keeping the high beams on the rest of the roadway. When approaching another car from the rear, diodes in the center of the lighting field dim automatically while they stay at full intensity on the margins.

Adaptive driving beam systems have been in the works for years. Several automakers already have launched them in Europe after regulators gave the OK in 2013.

Officials with the National Highway Traffic Safety Administration and the Society of Automotive Engineers lighting committee met this month to try to set standards for new regulations in the United States.

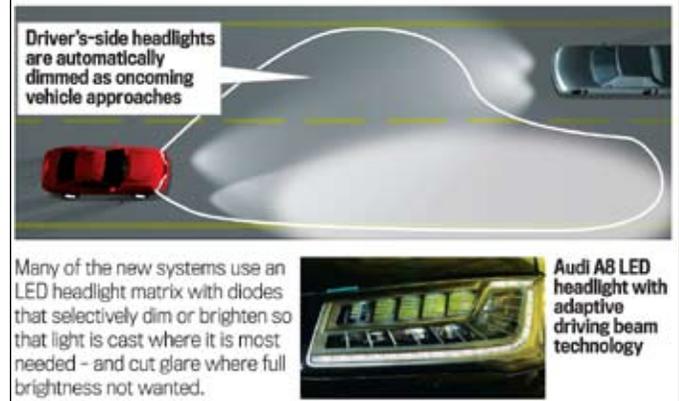
“We want to get a clear direction if anything additional has to be changed ... and how can we proceed to measure the use of the system in the U.S.,” said Rainer Neumann, Varroc Lighting Systems GmbH's vice president of global technology. “This is something we are thinking is the future for all vehicles.”

Neumann, whose company was formerly part of Visteon Corp., said he hopes regulators finalize the new standards by early 2017.

NHTSA spokesman Bryan Thomas confirmed that federal officials are continuing to work on regulations. He declined to give a target

Shedding light on adaptive headlights

Adaptive driving beam headlight systems use forward-facing cameras to sense other cars. So as not to blind an oncoming driver, these systems automatically dim just the driver's-side headlight while keeping the passenger-side headlight on high beam for maximum visibility.



date.

“Both (U.S. Secretary of Transportation Anthony) Foxx and (NHTSA Administrator Mark) Rosekind have spoken out about the need to identify and remove potential regulatory hurdles to safety improvements,” he said. “To that end, the agency has conducted research on adaptive headlighting and is moving to take actions to permit this innovative safety technology.”

Regulatory red tape keeps the advanced lighting off U.S. roadways today: Current law outlines low- and high-beams as separate systems with specific standards of brightness and beam coverage. Adaptive driving beam systems are essentially a hybrid and don't fit current regulations.

The NHTSA has indicated a willingness to update the lighting regulation to include adaptive driving beams. It also has indicated that recommended engineer-

ing practices be established with the SAE.

The federal automotive safety organization last summer released a 201-page assessment of adaptive driving beam systems being used in Europe and other areas. The NHTSA found the systems were “shown to have the ability to dynamically adapt the headlamp beams to shade oncoming and preceding vehicles.”

However, in many cases lighting levels exceeded that of lower-beam mode in the presence of other traffic. In particular, they had trouble dimming sufficiently around curves and at intersections. Some also were unable to dim for motorcycles.

The expected regulation changes follow a recent study from the Insurance Institute for Highway Safety that found many headlights currently on U.S. roadways underperform.

Hot on the lot: Leasing a used car

As inventories of preowned vehicles rise, dealers look to buyers who don't qualify

Aspiring Lexus owners may have a hard time refusing Brendan Harrington's latest offer: Get a lightly used version of one of the hottest luxury SUVs in America for as little as \$370 a month.

The terms, offered by Harrington's dealership near Los Angeles, come as part of a lease deal on a 3-year-old Lexus RX 350 with 35,700 miles on the odometer. Spanning 36 months and 45,000 miles of use, the lease requires little money up front and is potentially hundreds of dollars less than a comparatively equipped new model sold at similar terms.

Inventories of used cars in good condition are soaring in the U.S., and finance companies and dealers are scrambling to offer leases as a way to make payments affordable for people who don't qualify for cheap deals on new cars or those looking to save cash.

New-car sales gained steam in recent years, creating a glut of used vehicles. Those inventories are problematic for automakers hoping to maintain a record sales pace on fresh sheet metal and remain profitable in the process.

Sales of used cars rose 7 percent in the first quarter, according to the National Automobile Dealers Association, but wholesale pricing fell during each of those months versus 2015, Man-

heim Consulting data show. Manheim estimates used-vehicle supply will hit records in during a three-year period starting in 2016.

Lower used-car prices will eventually dent new-car pricing power, analysts said.

As automakers continue to subsidize car payments with discounts, reduced interest rates and cheap lease terms, car owners are turning in relatively new vehicles that could be attractive to those in the pre-owned market. But these products are out of reach for many buyers due to the size of monthly payments on a nonsubsidized vehicle loan.

This is where leasing comes in, particularly on vehicles with low miles and high sticker prices. The finance company estimates the vehicle's value at the end of the term and sets a rate based on that residual. The lease takes risk and repair bills off the table.

"[When] buying a used car, what is the No. 1 concern?" asked Harrington, who is president of Longo Toyota and Lexus. "Fear of the unknown — has the dealer told me everything?"

Harrington wasn't leasing used Lexus products at the beginning of the year. By March, 10 percent of his pre-owned sales came from leases.

Sales managers historically avoided used leases because they were difficult to calculate, but greater access to auction results and real-time sales data is changing dealers' attitudes.

Overtime

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ships have structured their bookkeeping and compensation practices accordingly, with many paying service advisers on commission.

"A salesman is an employee who sells cars; a partsman is an employee who requisitions, stocks and dispenses parts; and a mechanic is an employee who performs mechanical work on cars," the 9th Circuit wrote in its March 2015 decision, backing a 2011 U.S. Labor Department ruling on the matter. "Service advisers do none of those things; they sell service for cars."

The Labor Department has written that service advisers could be covered by a separate overtime exemption for retail and service workers who derive more than half of their earnings from commission and earn more than 1½ times the minimum wage.

Auto dealerships have enjoyed special treatment under the labor standards law since 1961, when it was amended to exempt all dealership employees from the overtime pay requirement. A 1966 update removed the blanket exemption but retained exemptions for "any salesman, partsman, or mechanic primarily engaged in selling or servicing automobiles" at dealerships.

According to the National Automobile Dealers Association, service advisers work an average of 47 hours a week.

Spring Event

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Among the seminar's objectives: Learn what Millennials look for in a career; how to screen people who don't have "car" experience; what career branding can do for your dealership; and about creative ways to source and attract top-tier talent.

Also at 10:15 a.m., get grilling tips in advance of the successful annual fundraiser for the USO of Illinois, Barbecue for the Troops, which this year is July 16. At the BBQ Boot Camp, gather tips from the USO of Illinois on how to host a successful USO BBQ for the Troops event, learn best practices from last year's USO BBQ for the Troops dealer events, acquire ideas on how to promote events through traditional and social media outlets, and pick up marketing signage and a social media toolkit to help promote your BBQ event.

Both the seminar and the boot camp will conclude about 11:45 a.m. so that registrants can enjoy a barbecue lunch, compliments of a restaurant partner of the CATA's Barbecue for the Troops event. Dealers are encouraged to register more than one representative in order to attend both sessions. The barbecue presentation is for dealership employees only. For more information and to register, call the CATA at (630) 495-2282.