

ON THE ROAD



SEPTEMBER 2008
VOLUME I ISSUE 5

THE OFFICIAL COMMUNICATION OF THE NEW JERSEY GASOLINE C-STORE AUTOMOTIVE ASSOCIATION

NJGCA DEFENDS RETAILERS AGAINST A.G.'s ACCUSATIONS!

CHECK INSIDE
FOR A CHANCE TO WIN
ONE YEAR OF FREE
MEMBERSHIP!!



INSIDE:

- C-STORES AS RECYCLING CENTERS? NJGCA WON'T LET IT HAPPEN!
- NEW MVC INSPECTION PROGRAM.
- NJGCA'S RETAIL MASTER PLAN TO KEEP YOU IN BUSINESS!
- New MBP'S ADDED TO BENEFIT ALL MEMBERS!



What a Summer!

Do Lower Prices at the Pump Help Ease the Pain?

The country is in a bit of economic turmoil right now, and you are still at the center of the storm. Inflation is higher than it has been in 15 years and real estate values continue to drop. People are wary of what lies ahead and the price of oil has fueled (no pun intended) national concern.

It is quite understandable that the motoring public is still angry and worried about the cost of gasoline. The fact that gasoline consumption is down makes sense, since motorists have changed their driving habits in response to the high cost.

In the last issue of *OTR* we outlined the supply and demand scenario starting with last August. Not much has changed. Inventories of both crude oil and gasoline have dropped a bit, however, that is a function of lower demand. You don't want to keep inventory in your tank when the price is dropping and neither do refiners and oil companies. Supply remains adequate when balanced with demand.

The market place is functioning. Investors drove the price higher in the first place by betting that a minor hiccup somewhere in the world would interrupt supplies in the near future. Now they are losing their wager as the hiccup didn't happen and if they do not lower their prices they risk swimming in their inventory.

The speculator mentality still exists. As of this writing, crude oil jumped \$5 in an hour on reports that a major hurricane was aimed at the Gulf Coast. Should the Gulf Coast escape a major supply interruption and demand doesn't increase, then the investors will have lost another bet again.

What about demand? Will consumption increase? Unless you have a crystal ball you will never know. The experts can't predict the answers to these questions. The recent drop in price comes while we are still technically in the "driving season". Should motorists view the lower prices as a "gas sale", and still have a yearning to hit the road, then demand could spike at a time when producers have purposely kept inventories low. A resulting price hike would then be inevitable. If motorists don't become intoxicated by lower prices, and do not increase their consumption of motor fuel, then it is likely that prices will continue to decline.

Other aspects of your business will be affected too. Cars driving less miles don't wear out tires and brakes as often. Less maintenance is required and that too will add a strain to your bottom line. Fewer stops for gas mean fewer sales of high profit items such as coffee and soda.

The excitement since the last issue of *OTR* was of course the grandstanding performance of Attorney General Anne Milgram and the ensuing chaos that she caused by falsely accusing 350 gasoline retailers with "scamming" motorists. This story is not dead and is addressed in detail later in this *OTR*.

We are continuing to receive phone calls from many of you that have a need for supply contracts as more dealers have had the opportunity to purchase their property. Also, many of you that have previously purchased your property have contracts that are approaching renewal. It is a good idea to have the appropriate staff here at **NJGCA** review any proposals you have received **BEFORE** you sign a new contract.

Calling the office a day or two prior to signing a supply contract is a bit like closing the barn door while the horse is trying to run out. No it isn't as bad as closing the barn door after the horse runs out, but it certainly is better to close the door while the horse is safely inside the barn. **NJGCA** has referred several suppliers to members who have proven to conduct business in a fair and ethical manner. Our hope is to have several more suppliers that we can also recommend. Call us when you are ready....**BUT CALL US!**

The legislature has been on a summer vacation so they have not tried to pass any dumb laws. **NJGCA** has met with many legislators to discuss all of the issues that are detailed in the *OTR* issues section. Once the fall session begins; Get Ready to Rumble! We will notify you when we need you. ■

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MESSAGE FROM NJGCA EXECUTIVE DIRECTOR SAL RISALVATO

INTEGRITY.....WHAT IS MY JOB? FRUSTRATION...WHAT IS MY JOB?

Integrity

Folks, since arriving here 18 months ago I have confronted many challenges head on. At times I have enjoyed the confrontations that I encountered. Yet at times I have felt incredible frustration confronting the forces that endanger NJGCA members, and I have felt similar frustration with NJGCA members.

I am wrestling with several issues of importance. First, how can I restore the integrity of at least 300 small business owners who were slandered and maligned unjustly by the Attorney General of NJ? Further, how do I reassure a suspicious public sector that views all gasoline retailers as crooks?

When Attorney General Anne Milgram held her now famous clown show in June, she displayed her zeal to please the media and the public with total disregard for justice. Justice is what she is charged with providing the citizens of NJ. Instead Milgram held a modern day lynching of every small business that sells gasoline and diesel fuel. At best her work was sloppy. At worst, she knowingly lied to the public.

My job is to prove that she was either sloppy or dishonest, in order to clear your name and reputation. If she was sloppy, an apology is warranted. If she knowingly misrepresented the facts in order to sensationalize her findings, then she should resign.

I have officially requested all documents from the Attorney General relating to this matter. The Open Public Records Act (OPRA) permits me to do so. I have wagered a steak dinner with several reporters that once I examine her documents, that I will find less than 50 names on the list that Milgram released, to actually be guilty of dishonest conduct. NO....I am not saying that the retailers on the list are not guilty of the violations that they have been charged with- I am saying that they are NOT dishonest and should never have been presented to the media as "Gasoline Retailers that are SCAMMING motorists".



Is a retailer that failed to display his motor fuels license in violation of the law? Yes. Is a retailer that did not have a 5 gallon test can on site in violation of the law? Yes. Is a retailer that had meters out of tolerance because a dispenser pumped too much gas in violation of the law? Yes. Are any of these retailers dishonest?? ABSOLUTELY NOT!

Since the Attorney General seems to be experiencing some difficulty discerning what the true meaning of "scam" really is, then I feel it is my duty to help her understand.

I have been officially denied the documents that I have requested under OPRA. The reason given to me was because "These 350 cases are still active investigations and prosecutions". Naturally I am confused. If these 350 violators were still being investigated, then why in the world did Attorney General Milgram dash to the microphones before a proper determination could be made? Answer: because it is likely that she would have found less than 350 retailers "scamming" motorists and that just wouldn't be as big a headline.

I want to reiterate my past comments about Weights and Measures. They have done nothing wrong and have acted professionally and responsibly. I will continue to maintain a good relationship with these folks. Unlike other government bureaucrats, these guys don't get up every morning looking for a way to stick it to you. Most of them do their job properly. My beef is with the Attorney General and only the Attorney General.

Frustration

Ok folks.....some you are trying to drive me insane.....and are doing a great job! For the past year, in several issues of *OTR* and many issues of *Road Warrior*, I have stressed the importance of having accurate and up-to-date contact information for all members. I have begged you to pay attention and read the information that we send you.

Some of you have made me beat information out of you...as if I am going to use your contact info to send you junk mail or call you at home on a Saturday night. When I need to contact you for an urgent matter, I want to have every means possible to do so. You finally have an association that is paying attention to urgent matters and if I can't notify you in an emergency then you lose the benefit of having a watchdog looking out for you.

You can ignore me if you would like, but please give me every opportunity to inform you.

Ignoring me is just as bad, but at least I did my job. I can't hold your hand. Here are several examples of how NJGCA members have frustrated me recently.

You may remember reading a weekly *Road Warrior* this past June. It was sent via both email and fax. In the particular issue that I am referring to, I detailed the outrageous behavior of the Attorney General and the steps we took to defend YOU. The *RW* outlined our recent press conference and listed links to many of the newspaper articles and TV newscasts that we generated. One member received my fax and faxed it back to me with the following note; "did you tell the press about the misstatements of facts or just us?"

So the fax that I just sent this member outlining all of the press we generated evoked a response asking me "why didn't I inform the press!" Ignoring what I send is as bad as not allowing me to send the information. I have this member's fax framed on the wall next to my desk. FRUSTRATING!

Several weeks ago we received a call in the office from a member that was having difficulty with several enforcement agencies because he failed to comply with regulations that were previously discussed in our weekly *Road Warrior* and *OTR*. We questioned the member and asked why he had ignored the information that was sent previously, and we were told that he did not receive our emails because he does not have an email address.

OK....I can accept that. BUT.....we also send the same information in a fax to those who can't receive emails. Our member replied that he does not receive our faxes either.

I thought "Is this a glitch in the system?" I questioned the staff. "Why isn't this member receiving the information I send every week?"

A check of our records showed that this member requested to be taken off of our weekly fax list because he didn't have time to read the information I was sending.

FRUSTRATING!

I hope you enjoy reading all we have added to this issue of *On The Road*.

A handwritten signature in black ink, appearing to read "Sal Risalvato".



MESSAGE FROM NJGCA V.P. KASHMIR GILL

Hello NJGCA Friends,

I hope you and your families are enjoying the summer.

Although we have been experiencing a difficult market over the past year, it is a relief that we are finally experiencing higher profit margins. Of course I fear that these margins will not remain, but I am hopeful that they will not shrink too quickly. I encourage you to do some math and maintain a decent margin.

I am very excited about all the things that are happening at NJGCA. Especially during these difficult times, it is important that our association be there for us as a life line taking action on our behalf and keeping us informed.

When I joined the NJGRA Board of Directors in 2006 and I was disappointed to find that our association wasn't serving our members as well as I would like. I was determined to make a difference and play a role in bringing this organization back to excellence. I was horrified to learn that membership was dropping and members were not satisfied. I found a lack of energy, or direction that had evolved over recent years. Tragically there was little communication with members except for the traditional one page bulletin that was mailed very infrequently.

Thankfully several of my colleagues on the Board of Directors had the vision and guts to steer in a new direction. President Tim Arata and Treasurer Lou Papale took the initiative to revive our association. We were lucky that they succeeded, and I am happy that I was included in their effort and proud to have been elected Vice-President.

The first order of business was to bring on a new Executive Director. Next we asked the Board of Directors to change our identity to better reflect the evolution of our members. I am proud to have influenced our name change from NJGRA to NJGCA - a change that also included a fresh new logo. I felt that the inclusion of Convenience Stores in our identity was a true reflection of how the gasoline retail business had changed.

There are a few other positive changes that I hope you have noticed too. Have you visited our new web site? I am told that the **Members Only** section is operative and will now report live up to the minute delivered prices for every brand of gas in all geographic areas of NJ.

What do you think about our communications? I am thrilled with the weekly *Road Warrior* emails and faxes. Our ability to reach members instantaneously with the *Wild Fire Alert* played a big role in having so many members show up in Trenton to fight the repeal of the Below Cost Selling law. How can I pass up the opportunity to brag about the *OTR* newsletter that you are reading right now!

Have you looked in to all of the new benefits that have been negotiated for NJGCA members? These are available for you to take advantage of and it is just one more reason to be an NJGCA member. Yes, we can point to the successful changes but I know Sal still has bigger plans to keep us pointed in an upward direction. There are still issues lurking out there and I am counting on Sal and the staff to remain vigilant in their efforts.

I strongly urge other gas station owners to join us to help protect our industry. It is in your best interest to recruit other small businesses that are eligible for NJGCA membership. There is strength in numbers. More members mean we have more clout when we are in Trenton speaking to legislators.

NJGCA has one of the best health insurance plans in the industry, and other benefits that will save you more than the cost of annual dues. Don't hesitate to call and ask questions. I assure you - Membership in NJGCA is one of the best investments you can make!

Thank you for your continued trust and support.

Kashmir Gill
NJGCA Vice-President



ATTORNEY GENERAL REPORT

In late May, Attorney General Anne Milgram ordered the NJ Department of Weights and Measures to stop what ever they were doing and assign all agents to conduct inspections of gasoline retail stations over a 3 day period. Weights and Measures performed over 1000 inspections and reported their findings to Milgram. Milgram then ran to the microphones and proceeded to sensationalize the Weights and Measures findings, holding a press conference to declare that 350 New Jersey gas stations were caught “scamming” motorists.



ATTORNEY GENERAL ANNE MILGRAM

Many retailers began calling NJGCA headquarters to declare their innocence. A quick review of the facts submitted by a handful of retailers showed evidence that Milgram was grandstanding in order to make her office and the Corzine Administration appear to be taking action in response to many consumer complaints about the rising price of gas.



STATION OWNER JACK TABBIAN PARTICIPATES IN THE PRESS CONFERENCE.

350, and disingenuously failed to note that many of those listed did not have violations that were dishonest or unscrupulous.

NJGCA immediately held a press conference to condemn the flagrant disregard of facts and the apparent absence of justice by the one person charged with



WESTFIELD GULF OWNER, JOSEPH SANTOS

leading the NJ Department of Justice.

NJGCA produced 10 retailers that were innocent of any label of dishonesty and allowed the press to examine their stories.

NJGCA has filed an Open Public Records Act (OPRA) request demanding to learn the facts surrounding the report issued by the Attorney General. As of this writing the request has been denied and NJGCA is looking in to further legal action.

Were there businesses included on the Attorney General’s list that were dishonest? Unfortunately yes. However, when all of the facts are determined it is unlikely that more than 50 retailers will be found to have committed an offense that could be viewed as dishonest. NJGCA has been clear that any retailer acting in a dishonest or deceptive manner should be exposed and punished. NJGCA also believes that



EXECUTIVE DIRECTOR SAL RISALVATO SPEAKS WITH REPORTERS DURING THE NJGCA PRESS CONFERENCE.

those retailers that were wrongly listed as dishonest deserve an open and very public apology from the Attorney General. NJGCA is working to see that justice prevails and reputations are restored, and will report the outcome of this fiasco as it unravels. ■



Motor Vehicle Inspections

The New Jersey Motor Vehicle Commission (MVC) has been slowly releasing details on the revamped state inspection program.

As you know, Parsons was selected as the winning bidder for the new state-wide inspection contract. Parsons and MVC officials are now tasked with developing the new inspection equipment and implementing a revised program.

All Private Inspection Facilities (PIFs), Emission Repair Facilities (ERFs), and Diesel Emissions Inspection Centers (DEICs) should have been notified through the Vehicle Inspection Database (VID) in July that classes have been scheduled to discuss the details of the new program. Classes have already taken place in August and more are being added in September. MVC class schedules may be found on the **NJGCA** web site www.njgca.org and have been published in our weekly *Road Warrior* emails.

Our headquarters has also been contacted regarding a new Emission Repair Technician (ERT) class. In the past, **NJGCA** has offered ERT classes at a reduced cost to our members. There has been renewed interest in the last four months and we expect to schedule this training as soon as we receive the new program requirements. As of this writing, MVC and Parsons have yet to finalize the new program requirements.

Sources tell us that the updated curriculum will include additional instruction hours for Light Duty Diesel Vehicles (LDDV). Also, the API and Goldstar Programs will be eliminated.

Additionally since the LDDV is new to the New Jersey Emission Technician Education Program (EETEP), it is believed that the Department of Environmental Protection (DEP) may allow multiple avenues for certification.

For example, rather than take the new ASE LDDV test, an ERT having ASE A6, A8, and L1 certifications could

instead choose to take the Diesel ETEP module. This may be advantageous for ERT recertification, as the Diesel ETEP test may be available sooner than the ASE exam.

The recertification class will require a total 40 hours. Twenty-four hours of instruction for OBD Monitoring Failures and 16 hours for the Diesel.

Lastly, the State Specific Course is being revamped entirely and everyone must take the 8 hour class to recertify. The class will focus on the rules and regulations contained in the improved Inspection & Maintenance program. There are numerous changes, especially with regard to emissions test procedures. For example, among other changes, there is no longer any ASM testing, 1997+ LDDVs will be OBD tested and all model year LDDVs will be visible smoke tested. A few recommended additions to the course may include use of the internet and record-keeping requirements applicable to MVC audits.

Communications Central: Update



NICK DE PALMA, COMMUNICATIONS DIRECTOR

Keeping you well informed is among our biggest priorities at **NJGCA**. As events unfold, it is imperative that we keep you up-to-date on what's happening in the industry and around the state.

This has never been more true than today!

If Trenton has their way, convenience store owners face the possibility of having to implement a bottle-deposit system. Repair facilities continue to be denied access to key vehicle repair information from car manufacturers. Gasoline retailers get beaten up by the public and may face extinction if a below-cost-selling law is eliminated.

On top of that, members still need to worry about a shaky economy, new taxes, and further government regulations.

It isn't easy being a small-business owner, but you have one weapon in your arsenal that many of your competitors don't have: **NJGCA and access to timely, critical information.**

I must emphasize how important communications are to our success.

We have been working overtime to get our message out to the press, politicians, and members. Have you seen Sal on television defending members? Have you noticed the papers are calling us to ask how current events affect **NJGCA** members? Did you take note that we've been making inroads with the Legislature? We hope you have!!

We pride ourselves on getting you the information you need to survive in the market – but it doesn't amount to much if you don't read or process it!!

We need every member to read **NJGCA** communications. Please take time to digest what we send; whether it's a weekly *Road Warrior* email, an urgent *Wildfire Alert*, or a quarterly *On The Road* newsletter.

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However, not everyone is doing this – which means, some members aren't aware of what we are working on and how it may impact their business. This cannot continue!

A few months back, we began sending faxes to everyone in hopes of reaching those of you who don't consistently read email. Nevertheless, WE DO NOT want to send them. Let me be clear: sending faxes creates more work for us and costs us more money. We would rather have you read your email!

If you do not want to continue getting faxes, let us know. If you wish to continue getting faxes – or haven't received any – then please let us know if we have your correct fax number.

But more importantly, please let us know if we can just send you emails alone. We will remove you from the fax list altogether and emails will be the primary way you get information from us. **However, YOU MUST give us your name and contact info when you reply via fax.** We have received

faxes requesting removal from the fax list without any identification from whoever is making the request. We are pretty good, but we are not mind readers and we will have no idea who sent the request without your contact information.

In addition, please inform us when you have updated contact information (email, change of address, etc.) or there is a change to your business (you opened a convenience store or car wash, or you changed the brand of motor fuel you sell).

The web site has a new face, and the MEMBERS ONLY section of the web site is now functional. We have been anticipating these changes for a long time and hope you will sign on daily. We will keep the home page fresh and updated with important information.

The price matrix will allow you to compare delivered prices of branded and unbranded gas in various geographic regions of the state. I still need volunteers to post their delivered prices each time

a delivery arrives. Sign on to the matrix and see if one of the boxes fits your brand and geography. You will be given a password to enter your prices as often as they change... and you will remain anonymous to viewers. We believe this will be a useful tool to help members evaluate their competition and to keep distributors and oil companies from taking advantage of your business.

Some of the other new features the website has incorporated is: Horror Highlight section, What's for Sale/Post Your Ad, and an Employment Opportunities section. Additionally, "Sal's Corner", a blog area, will enable Sal to opine further on events taking place around the state – Take a look!

We plan to add new *Members Only* features such as Surveys on Hot-Topics, Survey Results, How Your Legislator Voted, and more.

I invite you to explore the new site! Please visit www.njgca.org to see the difference. Let us know what you think!

ATTENTION: Body & Repair Shops...



Your Complete
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TIRED of going to the dealer? Why not... DO IT YOURSELF!

Special Discount for NJGCA Members!

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Exxon is Divesting from Retail Marketing

In early summer, Exxon announced that it will be selling their company owned or leased retail locations. Many of the leased stations, whose future is now in limbo, are members of NJGCA.

Exxon has not released much information but they have stated publicly that they do not have any intention to sell locations individually to independent dealers. NJGCA believes that Exxon plans to bundle multiple locations for sale to large distributors.

Several scenarios can develop, and previous cases with various outcomes can be referenced. With the limited amount of information that is available it is impossible to determine a course for action.

NJGCA has consulted with attorneys that are experienced with

Petroleum Marketing Practices Act (PMPA) cases and we have determined that there are several options.

Besides exploring legal actions, NJGCA is actively pursuing legislation that will offer the first right of refusal to station owners so that they can at least have the opportunity to buy the business they have operated for so long.

At this time it is important that dealers be organized and prepared to take whatever action is necessary once the facts of this matter are detailed.

NJGCA is inviting ALL Exxon Dealers including those that are not NJGCA members to attend a special meeting to discuss all options. Lawyers that are expert on PMPA matters will be present to

help dealers understand the options that are available.

When:

Thursday September 18, 2008 @ 10 AM

Where:

Holiday Inn @ Raritan Center
3050 Woodbridge Ave Edison, NJ 08837

Who:

ALL NJ Exxon Lessee Dealers
(NJGCA Members and Non-NJGCA Members)

What:

To organize affected Exxon Dealers and formulate our strategy and action plan

RSVP:

Debbie Hill - NJGCA Headquarters
973-376-0066 please rsvp by 9/12/08

All Exxon Lessees are urged to attend and should call our offices IMMEDIATELY to discuss this issue and their expectations for any future profits.

The Wave of the Future

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STEVE KAYABAS

484-459-0562

skayabas@oceanpetroleum.com



Issue Updates

NJGCA is currently working on a “*Gasoline Retailer’s Master Plan*” to present to the members of the New Jersey Assembly and Senate. This plan combines many of the principles we have talked about in previous issues of *OTR*. This plan demonstrates the need to pass these issues as a single comprehensive plan and relieve pressures at the pump.

Strengthening Below Cost Selling, Eliminating Zone Pricing, Changing the 24 Hour Price Rules, and First Right of Refusal legislation are being presented as one package. **NJGCA** believes that we should pass these issues as a single comprehensive bill. Additionally, we are working in Washington D.C. to pass the *Credit Card Fair Fee Act*, and legislation that will Stop Oil Speculators.



NJ Food Council President Linda Doherty, NJFC Board Member Bill Sumas, and NJGCA Exec Director Sal Rivalvato at Merchants Payment Coalition in Washington DC

NJGCA is also working to keep Cash/Credit Pricing, and STOP a bill that prohibits you from changing your price until AFTER you receive your next delivery. We continue to fight against a Gas Tax Increase this fall, and preventing Below Cost Selling.

Below you will see the new style of our legislative section, it is broken down in to Gasoline, Convenience, and Automotive Issues to make it easier for you to understand which bills effect each part of our industry.

H.R. 5546 Credit Card Fair Fee Act

Throughout the past year, the media and the general public has been focused on the huge profits of the major oil companies. While the media has been fixated on the oil companies, the huge profits of credit card companies have gone unnoticed. Visa and MasterCard have been laughing all the way to the bank.

When gasoline costs \$4 per gallon, the fees paid to credit card companies are 8-13 cents per gallon. This equates to \$3 for every hundred dollars of gasoline that is purchased.

There has been 117% percent increase of interchange fees since 2001. H.R. 5546 allows merchants to negotiate with banks for the terms, conditions, and rates for credit card fees. It is a bill designed to rely on market forces by allowing businesses to negotiate the best possible rates. The bill calls for judges to mediate disputes. **NJGCA** co-sponsored an event with our friends at FMANJ and New York’s Classic Rock Q104.3 in late August to bring attention to the Credit Card Fair Fee Act. It should be noted that H.R. 5546 has been referred out of committee, so there is hope that this legislation can be passed. Please visit our website and the link to www.unfaircreditcardfees.com in order to contact your federal legislators and urge them to support this legislation.

Zone Pricing

A-213, which ends the practices of Zone Pricing has been gaining momentum, as members of the legislature search for solutions to

the high price of gas at the pump. This bill, simply eliminates the words “to meet competition” from the price discrimination section of the present statute. We are also working on other forms of Zone Pricing legislation including a proposal that would allow Open Supply when an oil company discriminates in its DTW. **NJGCA** staff has already recorded evidence that defeats at least two of Big Oil’s arguments. **NJGCA** continues to research and compile data; however, we need more of you to take part in our daily survey of DTW prices. Please contact Chris Stark at our offices to take part in our study of zone pricing.

Below Cost Selling

NJGCA would like to thank all of you who helped us stall the legislation that will PERMIT Below Cost Selling. Without your involvement legislation would have already passed. As we near the autumn legislative session we are working continuously to stop this



Association President Tim Arata and fellow NJGCA Members testify before an Assembly Committee on Below Cost Selling.

bill, and promoting the idea that Below Cost Selling statutes should be strengthened to include all real expenses contained in the retail price of gasoline.

Other states have experienced efforts to eliminate Below Cost Selling laws year after year. Legislators react to angry consumers and must be made

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to understand that allowing predators to destroy independent retailers will ultimately result in decreased competition and higher prices at the pump. All **NJGCA** members must stand up to this legislation, and act when we call on you. Below Cost Selling may clearly be the death of the small independent retailers across our state. **NJGCA** will alert you of the next hearing for Below Cost Selling, and identify those legislators that you must contact.

24-Hour Wholesale Rule

Since present laws prohibit retailers from changing their price more than once in a 24 hour period, **NJGCA** has asked Assemblyman Prieto to sponsor A-750. The 24-Hour Wholesale Rule will prevent your suppliers from changing their price more than once in a 24-Hour period. While most suppliers already operate on a single price for a 24-hour period, not all do. This bill will also help decrease the effects of zone pricing, until substantial reforms are made. By requiring wholesalers adhere to the same rules of retailers; we can prevent retailers from being caught in a trap between volume and profits. This rule fits perfectly into the greater picture of the **NJGCA** master plan for retail locations, since it is not completely separate from zone pricing or below cost selling.

First Right of Refusal

In recent years several oil companies have either pulled out of New Jersey or have announced their intention to do so. Most recently Exxon announced the sale of its company-owned and lessee stations throughout the country. The Petroleum Marketing Practices Act (PMPA) mandates that dealers have a first right of refusal to buy their locations when an oil company leaves unless another supplier is

the purchaser. **NJGCA** believes that laws should not permit oil companies to bypass dealers that have invested their savings and their lives in to their businesses.

NJGCA has already met with several legislators who may be willing to sponsor legislation that gives dealers a First Right of Refusal. We will work aggressively in the next few



Kat Madaras of the Fuel Merchants Association of NJ and Executive Director Sal Risalvato testify before the Senate Transportation Committee.

months to ensure that lessee dealers have the right to buy their property. These dealers can have their lives come crashing down without rapid action on First Right of Refusal Legislation. Do not be mistaken, this issue goes beyond Exxon, as most major oil refiners are leaving the marketing industry and considering the sale of their properties. All Lessees of Exxon should call our offices IMMEDIATELY to discuss this issue.

Retail Price Change Legislation

Senator Van Drew has introduced S-1993; legislation that will prevent you from changing your retail prices AFTER the 24-hour time period has expired and UNTIL you receive your next delivery. Clearly, this legislation is a result of consumers complaining that retailers are making too much profit and raise their prices faster than they should. Legislators who are scared of angering constituents are willing to toss free market principles out the window in order

to satisfy voters. Legislators don't understand that this legislation will tie your hands behind your back and that you must make profits when the opportunity presents itself in order to make up for lost profits in bad markets. For many in the industry, this type of legislation would make doing business impossible, as there is no way to respond to the competitive forces around your stations. Consider this urgent if we contact you and please respond as requested.

The Gas Tax

As legislators in Trenton try to find a way to finance the Transportation Trust Fund, **NJGCA** is remaining steadfastly opposed to any hikes in the gasoline taxes. Assemblyman Wisniewski and others propose that an 18 cent gas tax increase is necessary, and that it will be phased in over 3 years—6 cents per year. While our low gas tax is not the only reason that New Jersey is a competitive market in between two major cities, it does play a major role in the volume of gasoline sold in our state. An increase in the gas taxes will hurt your business, and you have a responsibility to tell your legislator that any tax increase is another step in driving more small businesses to close.

Temperature Adjusted Pumps / Hot Fuels

Calibrating pumps to adjust for temperature changes is both costly and ineffective in a state like New Jersey. Currently, this legislation is not moving in New Jersey, however, the country is anxiously awaiting word on whether or not the National Association of Weights and Measures is going to recommend TAP legislation to be passed in every state. We will keep you up to date on what happens in the future,

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but we are hopeful that we have convinced the legislators to hold this bill.



Energy Independence

NJGCA is beginning to take a much more active role in the greater energy debate. It is important for folks to understand the context of the current political debate over energy. With the new technologies available today, offshore drilling is not only environmentally sound policy, but it is in our economic and security interests to DRILL HERE and DRILL NOW. However, this is not a total solution or a permanent one to the energy crisis our country faces. **NJGCA** is a firm supporter of developing alternate energy sources, not only for the energy that turns on the lights over your pumps, but also the energy that flows from them. In this issue make sure you read the section about alternate energy sources, and how your business can prepare to invest in the energy of the future. Please visit www.stopoilspeculators.com and urge congress that new energy is important, but until then we need strong oversight of Wall Street's manipulation of oil markets. Our friends at Fuel Merchants Association of New Jersey have been aggressively leading this fight.



Smart Container Act

A-121, the 'Smart Container Act', is still without movement in the Assembly. Since a hearing on the issue, and the greater debate over recycling, there has been no action on this bill. The bill seeks to burden the entire convenience store industry by requiring them to become recycling centers. By adding a 10 cent deposit on all plastic and glass bottles of 24 ounces or less and a 20 cent deposit on all bottles greater than 24 ounces, the legislature hopes to increase recycling around our state. **NJGCA** is a firm supporter of recycling, however, we believe that this practice undermines current efforts to increase recycling and will over burden the convenience store industry, and create sanitation issues too. **NJGCA** will keep you posted on any movement on this bill.



Ban on Flavored Cigarettes

The New Jersey Legislature just passed legislation that limits the market for cigarettes in our state. According to the bill that is currently awaiting the signature of Governor Corzine, no person may offer for sale any cigarettes that contain natural or artificial flavoring other than cloves and menthol. The legislature believes that this is a step to help curb underage and youth smoking, but it ties the hands of convenience stores that sell such items. This bill only applies to cigarettes and does not apply

to cigars or smokeless tobacco. **NJGCA** believes that this legislation creates a slippery slope towards other mandates against the tobacco industry. Cigarettes are an important profit center for convenience stores and gasoline retailers, and **NJGCA** has an obligation to fight off these attacks against our industry. **NJGCA** recognizes the importance that convenience stores are and will keep you posted as this issue develops. We all must work together to fight for convenience store issues.



Beer and Wine Sales

NJGCA believes that we are nearing a point that we can start more forcefully pushing the idea of beer and wine sales in convenience stores. After Senator Lesniak introduced S-1608 to expand the ability of grocery stores to sell beer and wine, it is time to open up that market to the convenience stores of New Jersey. While such a fight is in its infancy, we need to hear your thoughts on this issue, as we begin talking to legislators. Please contact Chris Stark if you believe you have a special interest in this legislation and would like to go with us to meet with legislators.

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Right to Repair

NJGCA is very pleased with the level of participation many of our members have had in the Right to Repair grassroots campaign. While it may seem tedious at times, writing letters, calling legislators, and participating in political events are the actions needed to pass crucial legislation. A-803 will afford the independent repair shops in our state the codes necessary to complete the jobs they were chosen to perform. Right to Repair legislation preserves the right of consumers to choose where they go to fix their cars, and protects automotive repair facilities from automotive manufacturers who want control over the repair industry. We are currently awaiting a hearing for Right to Repair in the Assembly Consumer Affairs Committee, and we will alert you of the need for your presence when that time comes. **NJGCA** is part of a coalition that has been meeting with legislators and pushing hard for this legislation. Recently all organizations in the coalition asked their members in selected legislative districts to contact their legislators. **NJGCA** members responded significantly better than those from other organizations. We were very proud and ask you to continue this level of response when we call on you.



Predatory Towing

We are pleased to report that Senator Paul Sarlo has agreed to sponsor legislation that will correct the unnecessary burden last year's Predatory Towing Act placed on all towers in the our state. This legislation



NJGCA Executive Director, Sal Risalvato and Fuel Merchants Association of NJ Executive Vice President Eric DeGesero speak to members after the Below Cost Selling hearing.

re-writes many of the sections that included all tows, and all tow operators. Senator Sarlo's bill only includes private property trespass towing. The success in this re-write speaks volumes of the power New Jersey

organizations can have when they work together. We thank our friends at The Garden State Towmen's Association (GSTA) for their efforts to lead this fight. We have been supporting them at every turn. We must pass this revised legislation in the next two months, or every business that owns a tow truck will have to comply with very cumbersome regulations and pay

burdensome fees. Our job is not complete. You must write letters to your legislators and ask them to pass S-2073, the corrective bill, before November of this year, which is the start date for the predatory towing regulations.



MVC/Title Problems

Repair shops have had customers abandon their cars for many reasons. MVC has made it more difficult to get a title to either junk the car, or sell it to recoup money that is owed for repairs or storage fees that have accumulated. MVC now requires that a lien holder must write a letter of "no interest" before they will grant a clear title. This is to avoid legal retribution on behalf of lien holders. Lien holders have been uncooperative because it may hurt their civil claims against the borrower. Shop owners are finding an unwanted accumulation of abandoned cars on their property and are asking for a revision to the process by which they can dispose of these abandoned vehicles. Our friends at AASP/NJ and GSTA, have taken the lead to resolve this issue, and **NJGCA** is coordinating with them to support their efforts.

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POINT: BELOW COST SELLING

South Jersey's Newspaper

COURIER-POST

June 29, 2008

Gas-price law isn't needed

By JOHN BURZICHELLI

For the Courier-Post

Because of our proximity to key refineries and by virtue of also having among the nation's lowest gasoline taxes, New Jersey is able to boast one of the country's lowest average gas prices.

But with regular unleaded hovering at the \$4-per-gallon mark, whether or not we have a "low" price is debatable. But, what is not debatable is that our prices are being inflated by a 70-year-old state law that is preventing gas prices from going down.

Since the Great Depression, New Jersey law has required gas stations to sell fuel "above cost," actually mandating what the minimum price of gas should be. In economic terms, the state has set an artificial price floor, a point from which prices cannot go lower. Such law may have made sense in 1930s New Jersey; consumers had considerably fewer options as to where they could buy gas. Monopolistic companies could manipulate prices and run roughshod over the marketplace.

Over the past 70 years, however, the marketplace has changed dramatically and for the better.

Consumers today could not have greater choice when it comes to purchasing their next fill-up -- it is not uncommon in New Jersey to see an intersection with every corner occupied by a gas station. Drivers should be able to decide for themselves the acceptable price of a fill-up. The state doesn't set a minimum price for cars; and it shouldn't keep savvy consumers from making educated decisions when it comes to filling their tanks.

New Jersey is one of only a baker's dozen states that continues to hold tight to its Depression era price floor. Pennsylvania, Wisconsin and Florida reached the conclusion that artificial gasoline price floors are unnecessary and potentially harmful to competition. The Federal Trade Commission, in testimony before Congress, also admitted that antiquated fuel-price laws insulate retailers "from competition from more efficient competitors." Economists have described gas-price floors as antiquated vestiges of the Great Depression's anti-monopoly era.

In other words, gasoline price floors don't help modern consumers.

Gasoline is not a highly profitable good. Most stations make only a few cents to a dime of profit for every gallon of \$4 gas they sell. Service stations with attached convenience stores or auto-repair shops make the bulk of their revenue from those more profitable offerings, not from the sale of gasoline. Allowing gasoline to be priced below cost would allow these businesses to market lower gas prices to attract more customers while also providing a much-needed price break at the pump.

It is not government's responsibility to guarantee profits for all businesses in any industry. New Jersey's price floor harms consumers by keeping prices high, and hurts businesses by preventing them from being able to competitively price gas.

POINT: BELOW COST SELLING



COUNTER POINT: BELOW COST SELLING

South Jersey's Newspaper

COURIER-POST

June 29, 2008

Predatory gas prices would kill competition

By *SAL RISALVATO*
For the *Courier-Post*



I recently testified before the New Jersey Assembly Consumer Affairs Committee against legislation allowing gasoline to be sold below cost. I wasn't alone. Many independent gasoline retailers also spoke in opposition.

The public is justifiably angry about rising gas prices. Gasoline retailers are angry too!

At a glance, below-cost selling seems like a chance for retailers to sell gas for less. Sounds logical, right?

Despite the allure it presents, below-cost selling can never deliver lasting relief at the pump. Instead, it will cost motorists more and drive small businesses under.

Selling below cost is predatory. Its sole purpose is to drive competitors from the market. For that reason, predatory pricing is currently illegal. Laws were enacted to protect consumers and small retailers from this practice.

Since the only reason to sell below cost is to eliminate weaker competitors, I ask: Will predators continue to sell gasoline below cost once a competitor is eliminated? Of course not!

Oil companies and corporate-owned "big-box" gas retailers will prey on and then eliminate surrounding gas stations, thus occupying the street by themselves.

Predators will sell gasoline below cost for a while, raising prices once they have destroyed their competitor. It happens now. Look around and see the many boarded up gas stations. Those surviving have higher prices. Where several gas stations once populated a street, only one remains, but now with a higher price.

Supporters claim they want an opportunity to buy cheaper gas. This seems logical. But there is a reason New Jersey motorists enjoy lower gasoline prices. Yes, we have a lower gas tax than our neighbors in Pennsylvania and New York. But our prices are even lower than the tax difference. Competition in New Jersey is fierce, and our neighbors have more "big box" company operations with higher prices.

New Jersey has more gas stations to choose from, forcing gas prices lower than New York and Pennsylvania. Retailers in New Jersey survive on slimmer margins than those in other states. We measure profits in pennies, not dollars. The typical gas station makes only 5- to 10-cents-a-gallon before paying credit-card fees and other overhead. Motorists should never confuse profits at the corner Exxon station with those of Exxon Mobil Corp.

Proponents say that 38 other states permit below-cost selling. However, a recent study by the Journal of Urban Economics concluded states that eliminated below-cost protections now have higher retail prices.

Imagine small retailers being forced to lose money on every sale of gasoline. Predatory oil companies and "big-box" retailers can reach into cash reserves to cover their losses. Small business owners must re-mortgage their homes. Then, they close up. It results in less convenience for motorists, less competition and higher prices.

New Jersey doesn't often do things better than other states. Why would Trenton change the one thing that does work better? This is nothing more than "feel-good" legislation so Trenton officials can boast about responding to high gas prices.

The system works now. Trenton should leave it alone.

COUNTER POINT: BELOW COST SELLING



An Overview of the Regulations Regarding Violations and Penalties Commonly Affecting Gasoline Service Stations

By Carlos M. Bollar, Esq. and Matthew Conley, Esq.

The New Jersey Department of Environmental Protection (NJDEP) has stepped up their enforcement activities and penalty assessments for major and minor regulatory violations. As a result many gasoline stations have received a Notice of Violation (NOV). The best defense to avoid penalties from the NJDEP is to know what the law requires to operate a gasoline station, and to keep in compliance with those laws.

However, there are occasions when NOV's and penalties are issued because of oversights and mistakes. This article will summarize some of the issues commonly faced by gasoline retailers and the procedures and defenses that can be utilized to resolve enforcement actions. This article primarily references the New Jersey Underground Storage of Hazardous Substances Act, (NJUST Act)

The NJUST Act was created in response to concern about environmental threats posed by leaking underground storage tanks (USTs). The regulations address five areas and establish the following:

- 1) Registration requirements, including Initial Registration and Annual Certification fees;
- 2) Technical performance, operating, and maintenance standards for UST systems;
- 3) Various reporting, release detection and recordkeeping obligations;
- 4) Permitting and corrective/remedial action requirements; and
- 5) Certain financial responsibility assurance requirements.

If the owner or operator of a gasoline station violates any of these regulatory provisions, the NJDEP and the local health department have authority to issue an NOV and administrative penalty assessments.



CARLOS M. BOLLAR, ESQ.

Penalty Assessments

NJDEP's authority to assess civil penalties for violations of the NJUST Act's regulations also permits NJDEP to deny, revoke or suspend a registration certification. Civil administrative penalties for violations of the NJUST regulations can be assessed pursuant to NJDEP Oversight Rules, or the Water Pollution Control Act Rules, depending on the alleged violation(s).

Under these regulations, NJDEP must assess a mandatory minimum penalty of not less than \$5,000 for each violation that causes a violator to be a significant noncomplier or not less than \$1,000 for each serious violation. Each violation constitutes a separate offense that subjects the alleged violator to penalties, and **each day that the violation continues constitutes a separate violation.** The exact calculation of a penalty is based upon a penalty matrix that considers the seriousness of the violation and the conduct of the violator. A violation may be considered major, moderate or minor for both seriousness and conduct with penalties as follows:

	Major	Moderate	Minor
Major	\$40,000-\$50,000	\$30,000-\$40,000	\$15,000-\$25,000
Moderate	\$30,000-\$40,000	\$10,000-\$20,000	\$3,000-\$7,000
Minor	\$15,000-\$25,000	\$3,000-\$7,000	\$1,000-\$2,500

In addition to the penalties authorized, the regulations also provide that NJDEP must include as part of a civil administrative penalty an amount that represents the economic benefit that the violator realized as a result of its noncompliance.

Penalties assessed pursuant to the Oversight Rules, are determined in a different manner but can be even more severe. Under the Oversight Rules, penalties are determined by a chart listing a specific penalty amount for each possible regulatory violation. Penalties can range from \$3,000 to \$20,000 per violation. Similar to the Water Pollution Control Act Rules, **each day of non-compliance is considered a separate violation and penalties can accrue quickly.**

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Appealing Penalty Assessments

Whether assessed pursuant to the Water Pollution Control Act Rules or the Oversight Rules, an alleged violator of the NJUST regulations may request an administrative hearing to appeal a penalty.

The hearing will be conducted in the Office of Administrative Law pursuant to the terms of the Administrative Procedure Act. Any alleged violator will have an opportunity to respond, appear and present evidence and arguments on all issues involved. An Administrative Law Judge will issue an initial decision that will be filed with NJDEP, which will then accept, reject or modify the decision and issue a final order.

Prior to an administrative hearing, an owner or operator may attempt to settle the matter with the NJDEP. The Water Pollution Control Act Rules expressly permit the NJDEP to settle any civil administrative penalty by up to 50 percent, provided that the reduced penalty is not less than any applicable minimum amount. NJDEP, however, may not reduce any component of the penalty that represents the economic benefit gained by the violator from the violation. Experience has shown that local health departments usually refuse to settle a penalty assessment for anything greater than a 25% reduction. Further reductions without the help of experienced counsel are very rare.

Grace Period Rules

During an administrative hearing or settlement negotiations, the retail station owner or operator can argue several defenses in an attempt to reduce the penalty. Some common defenses include excessive penalty amount, mitigating factors, improper penalty calculation, and the “grace period rule”.

Established in November 2006, the Grace Period Rules amended the Oversight Rules, by creating time periods in which a person may correct deficiencies or violations without being subject to penalties. While primarily intended to address site remediation, the grace period concept has been incorporated into other regulatory schemes and can be a mechanism for avoiding penalties. The Oversight Rules identify each potential violation as either minor or non-minor and provide a penalty for each violation. For minor penalties only-if the deficiency is corrected within the time period stated in the NOV, then the party will not be subject to administrative penalties.

However, there are additional requirements that must be met in order to assert the Grace Rule. For example, the following conditions may apply:

- The violation is not the result of the purposeful, knowing, reckless or criminally negligent conduct;
- The violation has existed for less than 12 months;
- The owner or operator has not been notified of the same or a substantially similar violation within the preceding 12 months;
- The violation is an isolated incident and does not indicate a pattern of illegal conduct; and
- Before the end to the specific grace period, the owner or operator must submit to NJDEP a certified written confirmation that the violation has been corrected.

Where an owner or operator can meet the above requirements and corrects the alleged violation within the grace period allowed, penalties will not be assessed. Experience has also shown that NJDEP must occasionally be reminded of the availability of the grace rule and other defenses.

At the end of the day, it is most important for gasoline retailers to know that they may have defenses against violations and penalties issued by NJDEP and county health departments. For more information, call Archer & Greiner attorneys Carlos M. Bollar at (856) 354-3073 or Matthew Conley at (856) 673-3901.

The authors Carlos Bollar and Matthew Conley are attorneys with Archer & Greiner's petroleum practices group, are associate members of NJGCA, and participate in the NJGCA Environmental Advisory Coalition.



Evaluate and Elevate by Debbie Hill



I have been directing the Member Services Department here at NJGCA for over a year and I have been looking forward to an opportunity to share some thoughts.

My family owns a service station offering gas and repairs, and I know first hand how difficult it is to survive. But...I also know that good practices make survival possible....and profitable!

Yes, times have changed. Yes, our customers have higher levels of expectations. Yes, competition has become more intense not only at the gas pumps, but also in the repair shop. Look around at your competition. Price is not always the determining factor when a customer chooses to patronize your business. Many dealerships and chain stores have made their facilities bigger and more attractive for customers.

Mom and pop retailers struggle to match car dealers and big chain retailers. The resources to make improvements are difficult to come by. However, small but noticeable improvements can always be made to present your business in a more positive light.

You probably can't afford to spend thousands of dollars to renovate your customer waiting area but you certainly can spruce it up. A fresh coat of paint or even a simple clean up can improve the impression your customers receive. Perhaps a clean and sanitary coffee service area, coupled with a TV and neatly arranged reading material may make a pleasant atmosphere to accommodate today's growing female clientele. How costly is it to provide internet service as a convenience for your waiting customers?

Think about the contrast in perception if your customers have a dirty (or worse..greasy) seating area with wrinkled and grime smudged magazines, rather than a clean comfortable waiting area.

Do your employees present themselves like professionals and greet customers in clean uniforms? Or do they wear greasy work clothes and look sloppy? How do YOU present yourself? You can't expect your employees to appear neat if you don't.

We operate highly sophisticated and skilled businesses. Our customers will never respect us as people that possess highly regarded skills and knowledge if we present ourselves in an opposite manner.

These simple things can mean a lot. It is a good idea to take a look around and gather an impression of your business yourself. Ask a friend or your spouse to visit your location and give you their honest impression.

Offer a coupon for a few dollars off the next service visit to customers that will give you an honest first impression evaluation of your pump islands and gas attendants. Your customers will appreciate your effort to learn their opinion and also to demonstrate your willingness to satisfy your customers. Surprisingly their evaluation will spread as a positive word of mouth experience. We all know that positive word of mouth can be more valuable than advertising.

I have been pleased to be part of the effort that NJGCA is making to elevate how the motoring public perceives operators of service stations and auto repair shops. YES!..... POSITIVE PERCEPTION MATTERS!

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Small and mid-sized businesses have rights, too.
It's time someone stood up for them.

The Merchant Bill of Rights was created for owners of small and mid-sized businesses like you. Its purpose: to give you the same fair costs and treatment that large merchants receive from their credit/debit payment processors.

To learn more about your rights, visit MerchantBillOfRights.com.

To partner with a payments processor that protects and preserves your rights, call Larry Godfrey, your Heartland Payment Systems representative, today at (732) 899-4215.



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Since I want to practice what I preach, I must inform you that I have successfully badgered Sal to have the **NJGCA** lobby painted. He was rather stingy about spending the money, but now that it is finished even he agrees that it was worth the cost.

There has been a positive makeover at **NJGCA** and as a result **NJGCA** members now have higher expectations of the staff and the effort we make to serve you. No, I don't mean the new paint job; I mean the representation that we

make for you with the media, legislators, and the motoring public.

We are committed to promote our members with the elevated status that they deserve. **NJGCA** members are professionals and I encourage you to Evaluate and Elevate the standards of your own business. Raising self expectations is inexpensive...but it is valuable!

Debraie Hill

Cars of the Future: Will you be ready for them?

By Nick De Palma

The escalating cost of gasoline has achieved what no law, environmental group, or politician could achieve in the last 30 years since the oil embargo of the 1970s – change the driving habits of Americans and affect their automotive purchases.

Overall gasoline consumption is dramatically down in the United States. If the trend continues, we may see the lowest gasoline consumption since the 1980s. People are driving less, planning their routes to conserve gasoline, and taking mass transit when possible.

Car purchases have radically been altered too. Ford F-150 and Chevrolet Silverado pickups fell from the number 1 and 2 selling vehicles to 5th and 6th place in a few short months. Honda Civic and Toyota Corolla replaced them in the 1 and 2 spots. This is an incredible shift in the market for such a short amount of time.

Will this trend continue? Yes and No.

Current trends reflect the number of four-cylinder equipped vehicles increasing. Compact cars such as the Chevy Cobalt, Ford Focus, and Nissan Sentra are selling at record highs. Automakers are also planning more sub-compact products for the market. Currently only a handful of products like the Chevy Aveo, Toyota Yaris, and Honda Fit are sold in the United States, but all major automakers are rushing their own sub-compacts to market. Expensive technologies like turbo-

charging, direct-injection, variable cam-phasing, super-charging, six- and seven-speed automatic transmissions, low resistance tires, cylinder deactivation, and other fuel-saving measures will be implemented among a wider range of vehicles than exists today to conserve fuel.

Hybrids will continue to grow as major manufacturers like General Motors, Toyota, Ford, Nissan, Chrysler, and Honda currently have - or will soon make available - new hybrid vehicles. Hybrid vehicles are seen more as a “transitional” technology that will be used in the intermediate future until new solutions are developed.

However, a different landscape is emerging that combines today's technology with tomorrow's ideas. Already, auto manufacturers are planning the next generation of personal transportation. Just as extreme environmentalism and an energy crunch have redefined our present automotive purchases, automakers are seeking to completely remove the automobile from the environmental and energy debates.

Tomorrows car engines will seek to either eliminate the use of fossil fuels – and hydrocarbons in general – or seek to drastically reduce their use and the emissions they produce.

Currently a number of solutions are being studied, which include hydrogen, ethanol, and electric-powered vehicles. We will examine all three over the next issues of **OTR**, but we will take a closer look at ethanol fueled vehicles in this

issue.

Already on the market today in limited quantities, ethanol presents a unique approach to solve our energy needs. Seen as some to be a “short-to-medium term solution”, ethanol is a type of bio-fuel (or a fuel that is produced from organic biological material that is refined



into liquid fuel) that may be used as an alternative to gasoline. Like other bio-fuels, ethanol is derived from farm crops such as sugar cane or corn in many areas of the world. Through a chemical fermentation process, these crops are used to produce ethanol in a very similar fashion as they would be used to produce beer or other alcohol beverages in a distillery.

Ethanol is totally renewable and as long as it rains and the sun shines we will always be able to produce it. Contrarily, crude oil that is used to make gasoline and diesel fuel, will someday have a “Last Drop”. Experts disagree as to when the “Last Drop” will occur, but all agree that it certainly will occur sometime in the next 100 years.

Today, ethanol is blended with gasoline as an additive. Most common is E-10

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which is 90% gasoline and 10% ethanol. Get ready for E-85, a blend of fuel that is 85% ethanol and 15% gasoline. General Motors and Ford have created Flex Fuel vehicles that can operate on gasoline or any blend that includes even up to 100% ethanol.

Modern cars can run on ethanol now. Computer systems that operate engines can easily determine how to compensate for ethanol. However, most engines that take in high concentrations of ethanol won't be able to handle the corrosive nature of the fuel. Newer cars are being manufactured with engine components that can withstand these corrosive effects.



Many scientists believe that ethanol must be produced more cheaply to be a truly marketable product since hefty government subsidies helps to reduce the cost today. That means future ethanol must be derived from something other than farm crops. *Cellulosic ethanol* presents a way in which this can be achieved and lower overall costs. In this process ethanol can be derived from any kind of organic material such as switch grass, leaves, corn stalks, or any bio-material that is of little commercial value. More than 50% of municipal solid waste (MSW)-our garbage-contains pure cellulose. This is an existing technology that is developing rapidly, and would drastically change the way ethanol is made without affecting food supplies while lowering overall costs.

Nevertheless, though it appears to be an attractive solution, ethanol is not without its drawbacks. For one thing, ethanol absorbs water – which means that it cannot be transported affordably via pipeline the way gasoline and diesel fuel currently are. Instead it can only be

transported via railcar or tanker truck, which severely limits the geographic footprint in which ethanol is sold before transportation costs make it unattractive to consumers. It is for this reason that ethanol is typically sold close to where it is distilled, such as mid-western and southern states.

New Jersey, for example, does not have any E-85 filling stations just for this reason. But-they are coming!

Additionally, some environmentalists and automotive engineers point out that ethanol has “less energy” gallon-per-gallon compared to gasoline – which means that fuel economy may suffer. Still, drastically lower prices for E-85 have made it very popular in mid-west portions of America. Research continues on ethanol production and may yet become more feasible in the future.

Your gasoline underground storage tanks and pumps can easily be converted to dispense E-85. Most retailers in other parts of the country replace either their Plus or Super with E-85. E-85 has an octane rating of 103.



Our role here at NJGCA is to offer as much information about ethanol and other emerging fuels because you must come to the realization that you are in the automobile fuel business, not just the gasoline and diesel business.

We will continue to monitor these technologies and report them to you. The world is going to change and we can't stop it. If everyone is fueling their cars with hydrogen and ethanol, and we still only sell gasoline, we will have the same future that candle makers had after Thomas Edison invented the light bulb!

In the next issue of OTR we will focus on hydrogen fueled and electric vehicles. ■

Future Trends in Gas Station Product Retailing by Rhea Bozic

NJGCA asked Rhea Courtney Bozic, the Northeast Regional Coordinator for the National Ethanol Vehicle Coalition to provide some basic information regarding the emerging alternate fuel ethanol and how you can benefit.

Ethanol Details

Ethanol is an alcohol, which is a clear, clean-burning liquid fuel that is made by fermenting glucose sugar. The ethanol we burn in our cars today is chemically identical to the ethanol that is in beer, wine, and liquors. Ethanol is made from renewable crop materials. Currently most ethanol is made from corn. While this may seem like a bad idea, in fact it works well, and has helped the United States develop a growing ethanol production industry. Ethanol is easily distilled from feed corn, and the production process is like the old fashioned “*white lightning*” still, only upgraded to efficient 21st century technology. Our country has a well-established corn growing infrastructure, and American farmers have continued to incorporate innovative production techniques that allow them to increase yields per acre planted every year. The closest ethanol plant is in Medina, New York, near Buffalo, but ethanol could be produced right here from New Jersey corn.

E-85- What is it? And what does it mean for your station?



Everyone keeps hearing about alternatives to oil and green cars, and ethanol is frequently discussed. E-85 is a fuel that consists of 85% ethanol blended with 15% gasoline. Sold predominantly in the mid-west, it is beginning to surface in some Eastern States and sells for about 80 cents less than regular gasoline. Most important to retailers is the fact that higher profit margins are enjoyed. News reports vary in their analysis of E-85 and motorists are still unsure of using it, but huge savings has lured many motorists to use E-85 rather than gasoline. Current volatility in product pricing has caused

continued on page 22





“Save up to 50% on compliance testing”

NJGCA and ATS Environmental proudly announce a joint agreement that provides NJGCA members substantial cost savings for compliance services such as Stage II Vapor Recovery, Tank Testing and Line Testing.

Beginning January 1, 2009, NJGCA Members in good standing are eligible for deeply discounted pricing that is currently available to major oil companies.

To qualify for the discount, you must:

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- 3. Allow ATS to choose the date and time of your annual inspection.**

Call Debbie Hill for details at 973 376-0066 ext-203

ATS is an officially endorsed Member Benefits Partner of NJGCA



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consumers, as well as station owners, to ask valid questions about alternatives to gasoline, and how our country can gain energy independence. Questions regarding E-85 are being asked more often.



How can my station benefit?

E-85 is a new product that can generate considerable interest with customers, the media, and help your station get a publicity boost. Stations in Long Island, upstate New York, and Pennsylvania have frequently been mentioned in newspaper and television stories. As of this writing, E-85 was selling for \$2.95 in upstate New York while gasoline was being sold for \$3.89 per gallon. Profit margins on per gallon sales were six times higher than for regular gasoline, and sales outstripped premium grades by three times. A good rule of thumb for retailing is; if the E-85 is at least 70 cents per gallon cheaper than regular, and your sales exceed premium grade sales, then you are doing very well. The 70 cent differential makes up for the slight fuel economy loss that comes from the lower energy content of E-85 versus gasoline (fuel economy can go down by 10-15 percent; General Motors standard statement is that the loss can be up to 30%, though the writer has never observed mpg loss of that magnitude).

Where is E-85 used?

E-85 is used at nearly 1,500 fueling stations around the country. Although this represents less than 1% of all stations, it is an important start, and every gallon used represents less use of foreign oil. Most stations are in the Mid-west, especially Minnesota, Iowa, Indiana, and Illinois. However, there are strong programs growing in Pennsylvania and New York State, and new stations open frequently.

What kinds of vehicles run on E-85?

Over 6 million vehicles currently on the road can use E-85. These vehicles called "flex fuel" models can run on E-85, standard gasoline, or any mixture of the two. They are basically the same as a standard vehicle, with small

modifications to the fuel sensor, fuel lines, and fuel tank; they do not cost more than standard models, and may be ordered from the dealer. Many are available on car lots now, in New Jersey. The major manufacturers General Motors, Ford, Chrysler, Mercedes, Nissan, and Toyota all produce flexible fuel vehicles. Federal government vehicles are required to use E-85 if it is available, so if you have government vehicles fueling at your station, you have a customer base already.



Equipment issues

E-85 fuel dispensing systems use current model standard fuel storage tanks from all major manufacturers. Equipment manufacturers also have full lines of E-85 compatible parts. The main difference in equipment between gasoline and E-85 dispensing is the metals used in valves, nozzles, and other metal parts that have direct contact with ethanol. Since E-85 is more corrosive than gasoline, metals used in E-85 parts are made from "hard" metals such as stainless steel or bronze rather than softer metals like aluminum or brass. A tank (circa 1998 or newer) can be converted from gasoline to E85 at very low cost by cleaning the tank well, removing all water, and changing the aforementioned soft metal parts to E-85 compatible hard metal.

Presently, Underwriters Laboratories is in the process of certifying E-85 dispensers manufactured by Dresser Wayne, Gilbarco, and Clean Fuels USA. PPI also offers rebuilt Tokems. Once the UL mark is received, this should eliminate a roadblock that the expansion of E-85 has recently experienced. New Jersey petroleum facility regulators are not extremely familiar with E-85, but some staff at the various agencies have done a good job of reviewing the basics, and are more familiar with equipment and air quality aspects of E-85.

Food vs. fuel

Another issue sometimes misrepresented

or mis-reported in the media, is the relationship between the rising cost food prices, and the production of ethanol. One myth is that the corn used for ethanol production takes food away from people. In fact, sweet corn, which people eat, is different than feed corn, which is fed to animals. Ethanol production process uses the starch (sugar portion) out of the corn kernel, but leaves the protein behind. The protein portion is an additional product which comes from ethanol production, and is called "Distillers Dry Grain" (DDG). DDG is sold into the market as animal feed. In most high tech production facilities, the distillery is located adjacent to a cattle feed lot, making DDG's easily transported, thus saving transportation costs. The President's Council on Economic Advisors, as well as the United States Departments of Energy, and Agriculture, have stated that approximately 3% of the rise in food prices is related to biofuels production (this includes ethanol and biodiesel). The price of fertilizer has gone up 300% over the last year, and anyone who understands that farm equipment runs on diesel fuel can imagine the effect of higher diesel costs on crop production. Also, there is greater world-wide demand for higher quality food, including more meat consumption, from improving economies like China and India.

Non-corn feedstocks

The federal government supports the production of non-corn based ethanol production from such feedstock as switchgrass (a tall grass frequently seen along roadsides), corn stover (ground up stalk, husks, and cobs), wood wastes and other "cellulostic" plant materials. One example is a facility in central Florida that plans to make ethanol from wastes generated in the production of orange juice. These cellulostic feedstocks are harder to distill than corn, since tough cellulose needs to be broken down and converted to glucose sugar, which is fermented into alcohol. This is why most ethanol is made from corn in the United States, and sugar cane in Brazil. It is much easier and cheaper to ferment. In the future, we can expect considerable progress in the production of cellulostic ethanol, though this may involve the farming of new and less familiar grass or woody biomass crops on a wide scale. ■



Calibration: It's a must if you are to survive in this market

By Kevin Madison,
Top Dog Nozzle

Every small business wants to be successful and profitable. But sometimes we lose money without even knowing it. This can wreak havoc in any industry, but for gasoline retailers, it can quickly put you out of business.

What am I talking about? I'm describing a phenomenon by which your gas pumps are giving away gasoline. It will unknowingly drain profits from your small business. At \$4.00 a gallon, giving away even a few cubic inches of fuel can add up to a huge amount of money.

Although meters can also be found to dispense less than the required amount of gas, it is more likely today that we find meters that pump too much.

Motorists who are angered because of today's high prices are very sensitive about receiving everything they are paying for. Consumer complaints have poured in to the Department of Weights and Measures and have created media frenzy warning motorists to beware of being cheated at the pump, and fueling more consumer anger.

Pumps get out of calibration because today's gasoline is blended with ethanol, which is highly corrosive and wears the meters inside your dispensers. The more the meter corrodes the more gasoline you are potentially giving away to your customers. The display on your dispenser may read 5 gallons, but you are likely to be pumping more. There is a definite disconnect between the pump readout and the meter itself.

Many pumps were not designed to accommodate ethanol; causing your dispensers to favor your customers. You should have your meters calibrated regularly to ensure you don't give away the small profits you earn on every gallon. Higher volume stations require calibration more often, and many of my customers have their meters calibrated monthly. I recommend that the average gas station should have their meters inspected quarterly to make sure they remain within an acceptable tolerance.

There are 231 cubic inches in a gallon. A cubic inch equals approximately 1.1 tablespoons.

Think about it. At today's prices, giving away a cubic inch of gasoline can amount to 1.5¢ of profit lost on **EVERY** gallon. Giving away two cubic inches equals 3¢ on **EVERY** gallon, and giving away three cubic inches equals 4.5¢ on **EVERY** gallon. Can

you afford to give away a nickel on every gallon you sell?

Depending on how badly your meters are calibrated, and how much volume you do, you may be giving away hundreds of dollars a month. We recently serviced a customer and found that he was giving away \$600 a month and he never knew it.

When you are paying \$30,000 for a load of fuel, only to make a few hundred dollars profit, does it make sense to give away hundreds of dollars in profit due to an instrument error?

Obviously in this market, getting your pumps calibrated is not a luxury – it is an absolute necessity!

This phenomenon is especially true in “blended pumps” that blend regular grade and super grade gasoline to produce mid-grade gas. At Top Dog we are finding that blended meters - especially some

built by certain manufacturers are especially problematic. These cases can be incredibly difficult to spot since the meters will appear within tolerance on regular and super grades when they are tested individually, but are found to be giving fuel away when the both grades are blended together and then tested. It is especially important that you contact a specialist to inspect your calibration regularly if you have dispensers that utilize blended meters.

Ethanol can even affect the way you track your product inventory. Need proof? When was the last time you had your tank measuring device, or tank probe, tested? Is it accurate?

The safest way to do this is to stick your tank and take a direct measurement of the inventory. Then compare the measurement to the electronic gauge readout on your Veeder Root system. Do your numbers match? If not, you must have your instruments tested to find out where the problem is. Remember, tank measuring devices need to be tested and calibrated on a regular basis too.

In the end, it's not just about dollars and cents. Getting your pumps calibrated doesn't just save your business money, but will also keep you compliant with state law. As the price of gasoline rises, you know that officials from the Department of Weights and Measures will be making their rounds to hand out violations. Why give them the chance to cite you?

Don't let it happen! Get your pumps calibrated today. Save money, stay in compliance, and know where your profits are going.

Kevin Madison is President of Top Dog Nozzle, which specializes in vaporless fuel tanks and pump/instrument calibrations. Top Dog is an endorsed MBP of NJGCA. Kevin can be reached at Kevin@topdogsystem.com



Member Benefit Partner Program

For many years **NJGCA** members had access to successful Health Coverage and Worker Compensation programs. Last year **NJGCA** established the MBP program to identify more vendors that will provide products and services to members with a savings or benefit attached. We added a program for Garage Keepers and Liability Insurance and identified Environmental Professionals.

We have taken the MBP program to another level and have already negotiated more benefits for members. We are now in the process of interviewing and qualifying

additional MBPs that will provide measurable benefits to all our members. Here are some of the benefits that you can look forward to taking advantage of soon:

- Debt collection
- Credit improvement
- Improved Telephone and Internet Service
- Digital Street Signs
- Commercial & Residential loans
- Office supplies – paper, forms, ink cartridges
- Merchant Credit Card Consulting

- Underground Storage Tank Insurance
- Additional Environmental Remediation Benefits
- Auto Equipment & Lifts

Look for our new MBP brochure detailing all of the valuable benefits available to **NJGCA** members.

Help us identify other vendors that can provide high quality products and services to **NJGCA** members as discounted prices. We are always looking for added benefits for our members. Send us an email info@njgca.org. **NJGCA** welcomes your input.

NJGCA / Meadowbrook Workers Compensation Program

Recently members began receiving letters from Meadowbrook announcing a change in the company that provides workers compensation insurance to **NJGCA** members.

Meadowbrook Insurance Group has provided workers compensation coverage to **NJGCA** members for 34 years. Meadowbrook recently announced that the Ameritrust Corporation, a subsidiary of Meadowbrook Insurance, will be

providing workers compensation coverage. Previous Workers Compensation policies were provided by Star Insurance. All changes are transparent to you. Your policy number will not change. You will continue to receive the same great service and benefits afforded to you through the Meadowbrook Insurance Group.

Participating members will notice this change when their present policy is

renewed. No interruption in service will occur and terms and premiums will not be affected. Normal rate changes may apply accordingly.

Last March participating **NJGCA** members received a check from **NJGCA** that equaled about 5% of the workers compensation premiums that they paid to Meadowbrook during the previous year. **NJGCA** is hoping for another successful year that will enable us to mail similar checks next March too.



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All future payments will be payable to:

Ameritrust Insurance Corporation
P.O. Box 30233
Tampa, FL 33630-3233

If you have any questions regarding these changes, please contact the **NJGCA** offices at 973-076-0066 or the Meadowbrook offices at 800-825-9489.



Member Spotlight: Jack Pontoriero



NJGCA members are making a difference in the small-business world and in their local communities. They are helping others, blazing new trails, or simply giving something back to their patrons and communities.

NJGCA Member Spotlight will showcase their accomplishments and take pride in their contributions as members of **NJGCA**.

Today, our Member Spotlight shines on Jack Pontoriero, owner of Holiday Service Center and Liberty Gas Station in Toms River.

Jack's journey in the gasoline and automotive repair world started at the young age of 9. Jack spent his summers at his father's gas station, Fred's Texaco in Toms River, pumping gas and helping out where he could.

"My father was tough on me. Most kids hate going back to school, but I couldn't wait for the summer to end so I didn't have to work," Jack says jokingly.

What he learned from his father left a definite impression on the younger Pontoriero. After a short stint at Ocean Community College, Jack eventually purchased his own gas station on Route 37 in Toms River in 1976 – right down the road from where his father's business had been years before.

Along the way, Jack got married and had four children; three sons and a daughter. His wife of 28 years, Deborah, is a nurse practitioner and

his three sons are all involved in the family trade. His daughter, Debbie, is a student and cheerleader in high school.

Today, Jack sells gasoline, operates a five-bay auto repair facility, a car wash, and employs 15 staffers. Old fashioned service, a neat n' tidy shop, and a hard-earned reputation have won him a steady stream of loyal customers. But it wasn't without a lot of sacrifice. Even after 30 years in business, Jack still works 10 hour days, six days a week. Sundays are spent putting records and paperwork in order.

Despite his responsibilities, Jack still found time to give back to the community early on. His sister Maria, who has experience in the automobile industry, joined the family business in 1985 as his partner. This allowed Jack to become more involved with family and the community.

Among his many contributions, Jack ran the Toms River recreation wrestling program and Pop-Warner football for years. He was President of the Booster Club and has made many donations to worthy causes around town. He even made donations to the 1998 Toms River East baseball team, which went on to win a Little League World Series Championship against Japan. Ironically Jack's nephew, Chris Cardone, hit two home runs to win the game for Toms River. Jack still coaches today, as do his three sons.

Still Jack says he couldn't have done it without his family. Some of his proudest moments came when all three sons won district wrestling titles or coaching his boys to a Pop Warner National Championship in 1996.

"When I was a kid, there wasn't time for my family to come to sports events and watch me play. I knew I needed to work hard to be successful, but

wanted time to do these other things too. It's important," he says.

And Jack isn't slowing down. Even as community and business commitments keep him occupied, the Pontoriero family has opened a second location, Fischer Service Center, on the other side of town. Jack, Jr. manages the location and its six employees. The family is in the process of remodeling and expanding the location.



NJGCA Territory Manager Jack Leli (L) with Jack Pontoriero (R)

Looking back over his career, Jack prides himself on running an honest business, earning a good reputation and maintaining the loyalty of his customers. But his community involvement has been equally rewarding.

"One thing I learned from my father was, 'If you give to the community, the community will give back to you' – He was right," says Jack. "I've been incredibly blessed."

Jack's business and local-involvement is a great example of **NJGCA** Members at their best. **NJGCA** proudly recognizes Jack, and the entire Pontoriero Family, for their many successes and contributions to the community.

If you know of a fellow Member who should be in the Spotlight, please contact NJGCA so they may be acknowledged.



HORROR HIGHLIGHT

DON'T LET THIS HAPPEN TO YOU

In each issue of *OTR*, we would like to tell you the stories of other NJGCA members that have been horrific and painful. Our objective is to have our readers get a clear picture and understanding of pitfalls that you should avoid.

Horror Highlight September 2008

Do you have multiple locations? Are your multiple locations separate corporations that are even assigned separate tax ID #s? Do you have employees that work in more than one of your multiple locations? Do you have employees under the age of 18?

Although all four of these questions are important, the last two are critical.

An NJGCA member who owns multiple locations had a rather horrifying experience that lasted several years. Each of his multiple locations was formed as separate, distinct, and autonomous corporations.

An audit by the Department of Labor found 10 instances over a span of several years when an employee had worked at 2 different locations in the same week and that employee's hours between both locations totaled more than 40 hours. Because both locations were corporations owned and controlled by the same owner, DOL claimed that the employees were entitled to be paid time and a half for any hours beyond the 40 hour limit.

The DOL audit was triggered by an employee complaint.

The employer tried to fight the DOL determination by referencing information he had received from the NJDOL indicating that it was permitted to hire employees at several separate locations without violating labor laws governing overtime wages.

DOL then intensified their audits and found 2 instances when a 16 year old employee worked 15 minutes longer than labor law allows. Time restrictions apply to employees under the age of 18. The employer suspected that both instances were attributed to the employee waiting for a ride to bring him home when his shift was complete.

However, DOL was threatening criminal prosecution for the violations involving the minors, and after 2 years of audits and legal proceedings, the business owner settled the case. Imagine only 2 instances were found in an audit that covered a 3 year period, yet criminal charges would have been filed by prosecutors!

The sleepless nights and aggravation were taking a toll on our member and it was no longer worth fighting the charges and winning the case.

The settlement included fines and penalties over \$200,000

Of course an employer's first instinct is to fight claims by government agencies when ludicrous violations are cited. However, lawyer fees, aggravation, and distraction to normal business operations can wear down a small business owner quickly.

It is better to avoid getting in to bad circumstances in the first place.

How can you avoid getting in to a similar circumstance?

If you own multiple locations – DO NOT – allow an employee to work at several locations for more than 40 hours each pay week unless you are paying that employee time and half.

Our NJGCA member also suggests: do not hire employees under the age of 18.

Here are what DOL references in these circumstances:

“If there is common ownership and control, these employers may be considered a “single employer” under the FLSA, (Fair Labor Standards Act) even though they are separately incorporated and make independent decisions regarding hiring or other terms and conditions of employment. A “single employer” must ensure that hours worked by an employee at any of its locations are counted for all FLSA purposes, including the computation of overtime”.

This is referred to as “common ownership/common control”. The single employer (even though he has 2 or even more locations) is deriving the benefit of work done by the same employee.

In the situation just chronicled above; the employee received separate checks from each location that were drawn on different accounts. Each location had separate managers who each set their own schedules; and employees filled out time cards at each location.

This is an example of what may seem sensible and reasonable to a small business is not deemed to be sensible and reasonable by government.

Avoid being the next Horror Highlight.



Letters to *OTR* Editor

*Please send your letters on any topic that would interest NJGCA members.
Letters may be emailed to info@njgca.org or mailed to
NJGCA Headquarters: 66 Morris Avenue, Springfield, New Jersey 07081*

Dear *OTR* Editor,

For many years my husband and I owned a Mobil gas station. Mobil was a great company to deal with. Their team of employees and pricing was great for our business. As you know, Exxon bought Mobil, which ultimately became LUKOIL. The Mobil sign that we proudly displayed over the years was replaced with the red and white LUKOIL sign.

Unfortunately, two weeks after we were forced to re-brand my husband died suddenly. I faced the changes by myself. I discovered that changing the brand of my gas station to LUKOIL was not profitable. LUKOIL never kept their promises and their pricing was not competitive. It became impossible to remain in the gasoline business, but I had a contract until this past May that I was obligated to fulfill.

I was determined to make my business profitable again and I needed to find a more favorable supplier. Since my husband handled these matters when he was alive, I needed some guidance. I was a member of NJGCA, so I called my dear friend Lou Papale who is a board member, and he directed me to Debbie Hill.

Debbie was not only helpful; she became a true friend. Her knowledge and support was amazing. Debbie suggested several suppliers that NJGCA recommends to members. Debbie even offered to accompany me when meeting with potential suppliers. I felt much more comfortable knowing she was by my side and advising me. Debbie knew the questions to ask. Once Debbie gave me the tools of knowledge I conducted other interviews on my own. I successfully selected a

supplier, and I know I will now be more competitive.

I am glad I contacted NJGCA and asked for help. I couldn't have made this decision without them. I think I made a successful choice, and I encourage other NJGCA members in a similar situation to take advantage of your membership in NJGCA and call them for guidance.



Sincerely,

Fran Metta
Elmwood Auto Service
Union, NJ

Dear **NJGCA**,

As a small business owner in Monmouth County, I understand the struggles so many of my fellow **NJGCA** members have been facing over the last several years. Since Exxon owned my tanks, I truly understand what it means to have a giant corporation trying to push you out of business. I want to be perfectly clear, Big Oil's use of zone pricing should be outlawed, it drove several of my friends and business colleagues out of town, and Exxon has tried to do the same to me.

Several years ago, Exxon mistakenly showed me the DTW of a competitor, which was several cents below my cost. There are Exxon dealers not far

from me that have a retail price that nearly equals my DTW, and I simply cannot compete under these circumstances. Luckily, after weathering this storm, I have finally escaped the stranglehold of Exxon by controlling my own property.

I appreciate the work the **NJGCA** staff has been doing on zone pricing, and while I will soon escape the price discrimination, there are many who are not so fortunate. It is extremely important for our organization to defeat Big Oil and their price discrimination. Competition must flourish. Many people fail to see how much zone pricing increases the price of gas in New Jersey.

Now, as Exxon and other Big Oil companies prepare to sell off their leased and company operated stores, the future is totally uncertain. Will Zone Pricing be eliminated? Will Zone Pricing become more troublesome? Will large jobbers begin more aggressively promoting price zones to increase their own profits? No one knows how the market will look in the next few years, and I encourage **NJGCA** to continue pursuing zone pricing legislation to protect us all.

Respectfully,

John Paolantonio
Branch Exxon
West Long Branch, NJ



OTR MAN ON THE STREET

This new section of **OTR** is here to analyze certain issues from a consumer point of view and to give readers an idea of what their own customers may be thinking. For each Issue, **NJGCA** staff will go out on the street to get the public's perspective. This issue's **Man on the Street** was conducted at Henderson's Service Station in Freehold, New Jersey.

NJGCA has a responsibility to inform you of each new step in clean energy and alternative fuels that you may be selling in the future. Here is a sample of the public's responses:

“In the next 3 years, would you consider buying a car powered by an alternate fuel source such as hydrogen, electricity, ethanol, or diesel?”

-“**Yes**,” said Earl Smith of Millstone, “I would consider buying a diesel powered vehicle.” Earl seems willing to pay the higher cost for diesel fuel in exchange for better fuel economy realized from diesel engines.

-“**Yes!** Especially right now,” stated Doris Jones of Freehold, “My husband has been studying these cars and believes I should buy the Honda Hybrid.”

-Vernell Holley of Englishtown told **NJGCA** that he has, “known diesel for the longest time, so I would buy diesel.” When asked about the cost of diesel, Vernell believes that diesel technologies already provide for a greater MPG, so that offsets the harsh costs of a fill-up.

These sentiments of the public echo a trend in economic theory, that folks have a problem buying a new vehicle that cannot be powered by the current infrastructure. Since both hybrids and diesel powered engines can be readily fueled in most locations, folks feel comfortable buying those cars. The automotive industry is facing a real challenge in the “chicken and egg” dilemma they are facing. People will not buy the car until there is an infrastructure that readily makes alternate fuels available. Businesses will not build the infrastructure without a consumer base that will, purchase their products. **NJGCA** thanks everyone who participated in our **Man on the Street interviews**. Look for more of these interviews with the public in months to come.

Famous Quotes & Member Quotes

“I commend McCain for his desire to accelerate the search for a battery that can power the cars of the future. But I don't think a \$300 million prize is enough. When John F. Kennedy decided that we were going to put a man on the moon, he didn't put a bounty out for some rocket scientist to win--he put the full resources of the US government behind the project and called on the ingenuity and innovation of the American people.”

-Barack Obama, June 26, 2008

“We need to aggressively develop alternative energies like wind, solar, tide, bio-fuels and geothermal. But we also need to expand our use of existing energy resources here at home,” he said, echoing positions taken by Obama. But he has parted ways with the Democrat, stressing the need for more nuclear power and clean coal technology. And anybody who says that we can achieve energy independence without using and increasing these existing energy resources either doesn't have the experience to understand the challenge we face or isn't giving the American people some straight talk.”

-John McCain, August 4, 2008

“The use of electric cars is a technology that can be explored, especially in a densely populated state like New Jersey. We need to make sure the technology will be in place.”

-Governor Corzine, speaking on alternative transportation issues in Israel, July 2008

“This coastline drilling plan is not a serious proposal to help American families. This is exploitation of pain at the pump to give yet another handout to oil companies.”

-Senator Bob Mendendez, on President Bush lifting the executive moratorium on off-shore drilling, July 2008

Just because you do not take an interest in politics doesn't mean politics won't take an interest in you!

-Pericles (430 B.C.)

What this country needs are more unemployed politicians.

-Edward Langley, Artist (1928 - 1995)

No man's life, liberty, or property is safe while the legislature is in session.

-Mark Twain (1866)

A government which robs Peter to pay Paul can always depend on the support of Paul.

-George Bernard Shaw

Member Quotes

Sal, I love the passion you bring to the table! Deceptive practices are so counter productive for those practicing unscrupulous methods. Thanks for keeping dishonest operators from making us all look bad. It doesn't make any sense to me to try to pull one over on the consumer. Keep up the fight!

**Anthony Sgaramella
Whippany Shell, Whippany**

Sal, I am glad I am still a member of NJGCA. Your email messages could not be more on target!!.....I commend you on your tenacity to try and educate gasoline dealers.....When did it become a crime to run a profitable business? Keep up the good work....I wish NJGCA the best!

**Nick Testa
Nicks Towing Service, Rutherford**

Email your quotes to info@njgca.org



Meet Your Territory Manger!

Bob Quirk Bergen, Hudson, part of Essex.

Tell us about yourself and a bit about your personal life?

I'm originally from Englewood in Bergen County. I've been married for 46 years to my wife, Carol. We have two daughters and one son – and 5 grandchildren between them all.

How did you get into the gasoline business?

My uncle owned a station on Cedar Lane in Teaneck. I started working for him right out of high school while going to college at Fairleigh Dickenson, also in Teaneck. I used to run cars to inspection for him. In those days you had to run cars through inspections twice a year and he paid me \$3 a car – a nice chunk of change in those days. Eventually I bought the business from my uncle in 1975. We sold gasoline and did auto repairs. I finally let go of the business in 1999, though I still own the location.

Why did you come to work for NJGCA?

In 1999, when I exited the business, I leased out my location. I had been a member for years and came to work for the New Jersey Gasoline Retailers Association because I wanted to help the next generation of retailers. Some of the guys today are where I was 30 years ago running a business and raising a family. Originally I was only working a territory in Essex, and then eventually took over in Bergen. Today, I'm responsible for Bergen, half of Essex and all of Hudson counties. It is very rewarding and I enjoy it a great deal.

How did you feel about the evolution NJGCA has experienced in the last year?

I personally feel very happy with what is going on and the changes I've seen. Since the transformation from the old Gasoline Retailers to NJGCA, I feel like I have real support behind me when I go and visit members or prospective members. We are now out there in the media defending our guys more than we ever have and our members know that we are fighting for them. Our association never really did this much before.

What are the station owners you're responsible for saying about the recent changes?

The members are happy with the info they are getting and being continually updated about what's going on in the industry. Running a business is time consuming, and getting them regular information makes it a bit easier on them. They are pleased with the services they are getting too; especially to have an advocate on their behalf in Trenton. Sal is out there fighting for our guys – and they've taken notice.

Any words of advice for retailers out there who are thinking of joining NJGCA?

I was in the business for 43 years and owned my own place for 37 years. I've never seen it this bad before. Yes, we had the gas

shortage in the 70s and that was rough, but today you have over regulation and the government breathing down your neck. Then you've got customers and the public thinking that you're holding them hostage with prices, but they don't know how retailers are getting squeezed too. They just don't understand. But Sal is letting them know and protecting them. Everyone needs a lifeline – especially now that times are tough. I tell all my guys, that they should be encouraging others retailers to get involved and fight alongside NJGCA. We all need to stick together.



Would you recommend any others to join NJGCA as a Territory Manager?

Yes, absolutely. We need experienced folks to come onboard. One of the things I love about this job is that I'm able to impart a little of what I know to guys that are new to the industry. We need more of that – especially since there are a lot of gasoline stations and repair businesses out there but too few of us. I'm always encouraging folks who are getting out of the business or retiring to come aboard and help out fellow retailers.

An advertisement for LORCO Petroleum Services. The top right features the LORCO logo, which consists of a red oil drop icon next to the word "LORCO" in bold red letters, with "PETROLEUM SERVICES" in smaller red letters below it. Underneath the logo is the phone number "908-820-8800" in large red font. The background of the ad is a collage of images showing various petroleum service vehicles and equipment, including a large white tanker truck, a smaller white service truck, and a blue service truck. On the right side, there is a list of services in red text: OIL RECYCLING, WASTEWATER TREATMENT, OIL FILTER RECYCLING, PARTS WASHER SERVICE, ANTIFREEZE RECYCLING, ANTIFREEZE SALES, WINDSHIELD CLEANER, OILY WATER RECYCLING, OIL/WATER SEPARATOR CLEANING, TANK CLEANING, DRUM DISPOSAL, and ABSORBENT PAD SERVICE. At the bottom, there is a green oil drop icon followed by the text "RECYCLING AMERICA'S USED OIL SINCE 1957" in green.



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It happened in September!

August 27, 1859

Petroleum discovered in Titusville, Pennsylvania. World's first successful oil well.

September 04, 1957:

The Ford Motor Company introduces the Edsel.

September 09, 1966:

The National Traffic and Motor Vehicle Safety Act signed into law by U.S. President Lyndon Johnson.

September 10, 1913:

The first paved coast-to-coast U.S. highway opens.

September 11, 2001:

The September 11 attacks destroy the World Trade Center in New York City, part of The Pentagon in Arlington, Virginia, and down a passenger airliner in Pennsylvania. In total, almost 3,000 are killed.

September 11, 1970:

The Ford Pinto is introduced.

September 13, 1899:

Henry Bliss is the first person in the United States to be killed in an automobile accident.

September 14, 1960:

The Organization of the Petroleum Exporting Countries (OPEC) is founded.

September 22, 1893:

The first American-built automobile, built by the Duryea Brothers, is displayed.

September 24, 1908:

The first Ford Model T is built.

Factoids

Energy Facts - Did you know.....

1) U.S. motorists used 283,187,000 barrels of gasoline in June 2006, or 11.9 billion gallons. That amounted to 40 gallons of gas, 1.3 gallons a day, for every person in the United States that month.

2) Not buying gas from an Exxon or Mobil station doesn't impact Exxon Corporation or Mobil Corporation, since they sell their gasoline to whichever distributor need it, no matter if it ends up at a BP or a Crystal Flash or Bob's Cheap Gas. The only person that boycotting a station hurts is the owner or franchisee of that particular station, their family, and probably their employees. They feed their family because of the Coke's and snacks we buy in their stores. They are lucky to make a dime on each gallon they sell.

3) Long term gasoline prices are NOT set by oil companies. They are set at auction by bidding on the New York Mercantile Exchange. Gasoline is purchased months in advance using "futures contracts", which can be bought for next month, two months from now, or even years from now. The "futures contracts" for the current month, as it gets close to completion, are traded, just like stocks on the stock market. The contracts go up and down in price based on the demand for them. The final price for that "futures contract" determines the "spot price", which is the price that very moment, which in turn determines the price the distributor sets. The service station gets the word once a day from the distributor, usually around 6 p.m.

4) The reason gasoline prices weren't rising through the 80's and 90's was because oil supply or oil production increased at about the same annual rate as demand (about 1.5% per year).

5) Oil production stopped increasing in 2004. Global daily production is has been basically fixed at 84.5 million barrels per day since then. While demand is rising, and yet supply is not, price will go up, because this is a bidding auction or a free market.

6) If oil production continues at this 84.5 mbpd level, expect gas prices to double every four years. That means that gasoline would be 10 USD per gallon within 7 years. Oil prices would be to 1,000 USD per barrel within 10 years.

7) If we have a worldwide recession, which decreases worldwide demand for oil AND oil producing nations/countries are able to, and also decide to, maintain the 84.5 million barrel per day production level, THEN we MIGHT see gasoline and oil prices decline.

8) Worldwide oil production is probably fixed at 84.5 mbpd because we are at the MAXIMUM global oil extraction rate. This is known as global peak oil production or simply "peak oil".

9) Once it becomes impossible to continue extraction at the incredibly high rate of 84.5 mbpd, oil production will fall, every year, forever. This means rapidly rising prices (much more so than now) and/or severe global economic recession, or more likely, a string of ever worsening recessions, that continue for a few generations.

10) It is unclear how much longer the oil producers can maintain 84.5 mbpd. Production may begin to fall as early as this year. The rate that production falls will determine how fast prices rise, and how severe the shock is to the global economy.



DEBBIE'S DOs AND DON'TS FOR SEPTEMBER

DO:

Implement a compensation plan for technicians and pump attendants that reward superior effort to satisfy customers and increase employee productivity.

Employees will perform better when there is something in it for them. Without incentives that can be accurately measured and accounted for, employees tend to gravitate

towards robot status and rarely perform for the best interest of your business. However, when performance is coupled with their own self interest, employee productivity increases and even clock watchers with bad attitudes improve.

Don't:

Allow debris and liquids to accumulate in your overfill containment buckets. Especially don't allow spilled gasoline

to remain in the buckets as this is a clear violation of DEP Air/Vapor regulations. Whenever gas is left in the buckets it must be immediately pumped back in to the UST for which it was intended. Allowing debris to build up can block clear passage of spilled gasoline in to the UST. Of course never permit water to remain in the buckets as it can accidentally find its way into your tank.

NJGCA Traing Class Schedule

Motor Vehicle Emission Inspector Class

NJGCA is offering a training courses to be licensed as a Motor Vehicle Emission Inspector, an applicant must complete an approved training program that provides a detailed understanding of inspection related issues; the NJGCA inspector course fulfills all state requirements.

Course curriculum includes an overview of state rules and regulations as they pertain to inspection. Technicians will be required to pass both a Written and Hands On exam. Technicians passing these exams will be certified and licensed as Motor Vehicle Emission Inspector.

Six evening classes and one test night

Class time - 6:45 - 10:00 pm

Tuesdays and Thursdays (total seven nights)

Class Dates: 09/18, 09/23, 09/25, 09/30, 10/02, 10/07

Exam 10/09 at 4:30 pm written test at HQ –hands on at shop

NJGCA Members Cost - \$195.00

Non-Members Cost - \$295.00



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Join us in welcoming the newest NJGCA Members

Olympic Liberty, *David Veloz, North Bergen*
Metro Servicenter, *Barry McFadden, Audubon*
Mongo's Auto Repair, *Anthony Mongo, Cinnaminson*
Norwood Shell, *Joe Choi, Norwood*
Lodi NJPO LLC, *Liquor Edebal, Lodi*
Amcar Repair Center Inc., *Lawrence Bailey, Union Beach*
Burke's Auto Center, *Victoria Burke, Northfield*
Archer & Greiner, *Carlos Bollar, Haddonfield*
Picerno's Yardville Fuels LLC, *Richard Picerno, Yardville*
Country Club Sunoco, *Frank Colucci, Bridgewater*
Hough Petroleum, *Gary Hough, Trenton*
Big A Service Center Inc., *Ramon Adoni, Roselle Park*
Twin City Service, *Louis & Dominick Licciardone, South Plainfield*
Meineke Car Care Center, *Philip and Regina Verhalen, Ledgewood*
Joey & Mike's Automotive, *Michael Esposito, Clark*
Richard D. Apice, *Richard D. Apice, South Plainfield*
"Ditmire Motorworks, Inc.", *Bill Ditmire, Absecon*
Dana Ins. & Risk Management, *Eric Dana, Timonium*
Seaview Shell, *Joseph Fernandez, Ocean*
G & M Auto Service Inc., *Gordon Choyce, Delran*
D 'n R Auto Center, *Richard Apice, South Plainfield*
European Exchange, *Richard Varjan, Hackensack*
EZ-DBR Back Office Software, *Robert Cattani, Hewitt*
Hewitt Exxon, *Robert Cattani, Hewitt*
Prestige Auto Inc., *Ketran Parikh, Sayreville*
Whiting Service Center, *Robert Johnson, Whiting*
Highline Auto Transport, *Rene Otero, Englewood*
Classic Auto Repair, *Claudio Tommolillo, Paterson*
E. B.'s Auto, *Edwin Bonilla, Egg Harbor City*
MJM Service Center, *Marino Morales, Elmwood Park*
Lacey Amoco Inc., *Harry Pelcman, Lanoka Harbor*
Spaccavento Auto Service Inc., *Joe Spaccavento, Rockliegh*
Cooper's Oil, *Annie Cospito, Philillipsburg*
G & M Exxon, *John Ibrahim, Elizabeth*
Montvale Exxon, *James & Philip Sheridan, Montvale*
Tire Town, *Edward Werbany, Blackwood*
Americar Inc., *Michael Holland, Irvington*
Consumers Oil Corp., *Stacey Fineberg, Trenton*
Alloway Texaco, *Barbara Remster, Alloway*
S/S Vending Equipment, *William McCabe, New Hyde Park*
Radburn Exxon (2nd location), *Daniel Sewall, Fair Lawn*
O'Gorman Motors, *Edward O'Gorman, Irvington*
Mat Petroleum, *Talvinder Ghuman, Pennsauken*

Zackria Fuel, *Kazi M. Khalid M. Zackria, South Plainfield*
Broadway Gulf, *Sam & Libby DeMarco, Jersey City*
Whippany Shell, *Anthony & Emanuele Sgaramella, Whippany*
Camco Tire and Auto, *Mark Cammy, Manalapan*
T & R Oil Co., *Alex J. & Richie Tullo, So. Kearny*
Speed Mart Exxon, *Aftab Ahmed, Bloomfield*
C-3 Technologies, *Emanuel P. Alvarez, No. Brunswick*
Tabasco Co., *Felix Marte & Vladimir Reynoso, Enftwood*
Zeus Complete Automotive, *Nicholas Zacharias, Upper Montclair*
H.J.C. Services LLC, *Eel Chang, Union*
Washington Garage, *Brian & Tim Shanahan, Bergenfield*
Cupsaw Service Center, *"Richard Eben, Sr.", Ringwood*
Baldwin Auto Repair, *Anna Marie Petrillo, Jersey City*
Sandhu Sunoco, *Satinder Singh Sandhu, Trenton*
Gemini Tire And Muffler, *Robert Stohrer, Manahawkin*
Sunset Auto Repair, *Chuck Matthews, Erma*
Bittone Tire & Service Center, *Marialaina Bittone, Phillipsburg*
Clean Earth, *Dan Vecsi, Hatboro*
Kneble's Auto Service Ctr., *Fred Kneble, Mays Landing*
RPM Auto Body, *Kurt Lauer, Westwood*
Fisal's Service Center, *Shahen F Sadek, Haledon*
Florham Park Gulf, *Frank Abate, Florham Park*
Old Bridge Lukoil, *Robert Frank, Old Bridge*
Woroco Enterprises, *Marlen Galitsky, Sewaren*
Circle Exxon, *Shamsher Singh Rathore, New Brunswick*
Vic's Auto Parts & Service, *James E. Munck, East Brunswick*
Oldwick Village Garage, *David Graham, Oldwick*
Jessie Gas & Go LLC, *Balkar Saini, Collingswood*
Vix's Auto Parts, *James E. Munck, East Brunswick*
New Hilltop Corp., *David Perez, Union City*
Ubry's Amoco Service, *Donald Ubry, Highland Park*
Pats Service Station, *Patrick Convery, Swedesboro*
Eastern Oil Co., *Paul Singh, Montclair*
Polifly Sunoco, *Harold Schrader, Hackensack*
Ted-Lee's Shell, *Lee Annette, Piscataway*
"American Equipment Finance", *Len Baccaro, Warren*
E & M Super Service, *Emilio Fernandez, Newark*
Rennie's Gulf, *Larkin Connolly, Berlin*
Englewood Cliffs Exxon Inc., *Robert Chamesian, Englewood Cliffs*
Valley Body & Fender, *Ernest Heller, Westwood*
Deol's Auto Repair, *Jagdish Deol, Metuchen*
Tek Collect, *Ralph Gaglione / Jim Tretola, Iselin*
Quick Service Delta, *Zulfiqar Ahmed, Teaneck*

RETIRING? SELLING? WANT TO STAY BUSY?

NJGCA is looking for people with experience to join our team of Territory Managers who work in the field visiting NJGCA members. Several territories are available. NJGCA has always tried to employ previous members whenever possible. Even if you are not available now, let us know if you are interested and we will keep you in mind for the future.

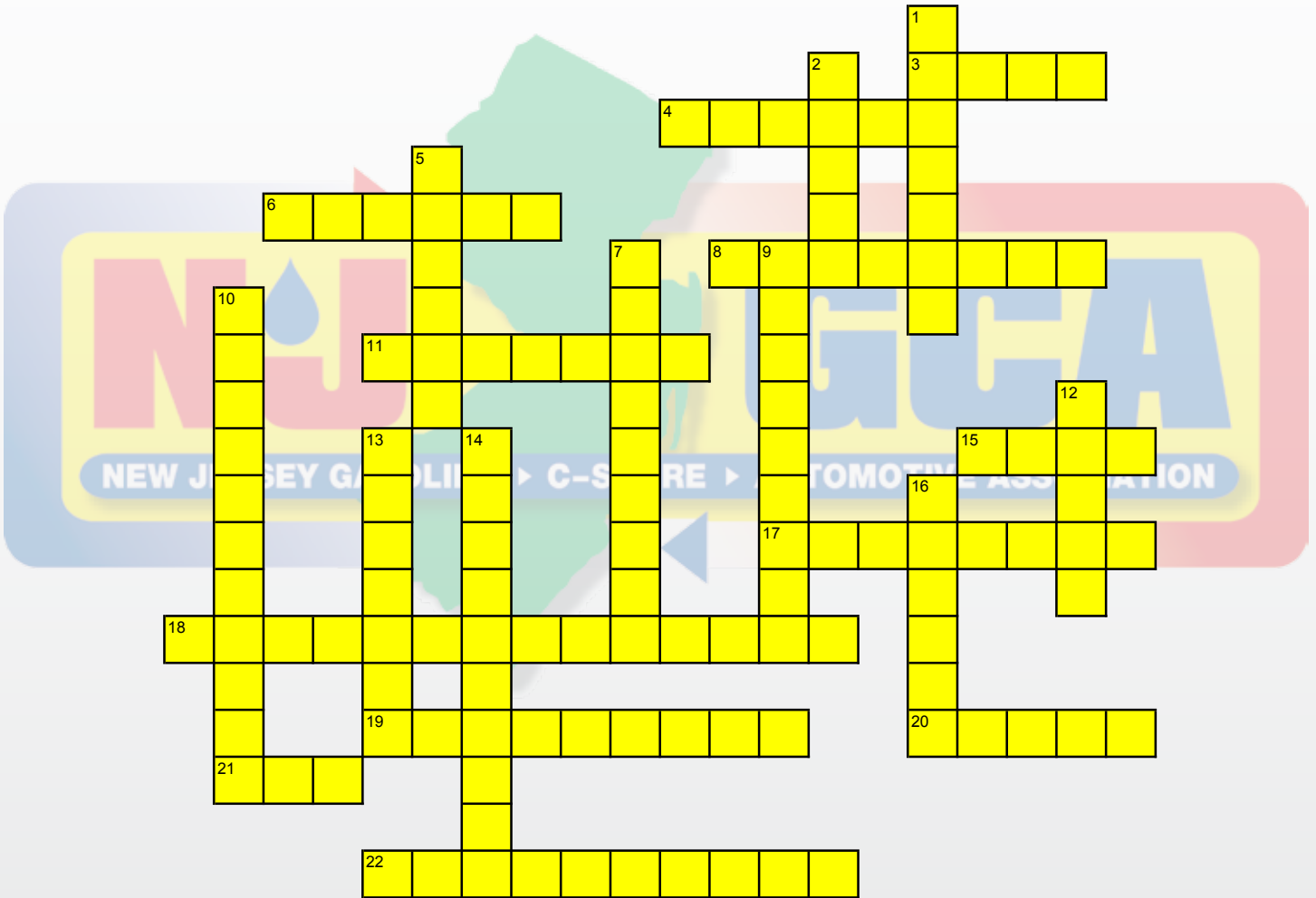
Contact Phil Apruzzi phil@njgca.org



Win One Year of Free NJGCA Dues!

The rules are simple; complete the crossword puzzle below and submit the correct answers to: Chris Stark at NJGCA headquarters. Be sure to include your name, address, company, home phone number, cell phone number, and email address. A different crossword puzzle will appear in each new issue of OTR. You may submit one puzzle for each issue. Members submitting the correct answers will be entered in to a drawing that will be held after every third publication of OTR.

The correct answers and the names of members who submitted them correctly, will be listed in each subsequent issue of OTR.



ACROSS	DOWN
3 The request NJGCA filed for AG records	1 Governor Jon _____
4 _____ Highlight	2 NJGCA President Tim _____
6 Right to _____ Act	5 One way the Governor wants to fix our budget (two words)
8 Sponsor of Zone Pricing Legislation	7 Indian American Assembly sponsor of Reg-Flex
11 New Jersey _____ Reform Alliance for tort reform	9 Executive Director Sal _____
15 Cash and Credit is a form of _____ pricing	10 NJGCA HQ's Location
17 NJ's Lower house of the legislature	12 Senate Sponsor of New Predatory Towing Bill
18 Zone Pricing is a form of Price _____	13 Last name of NJ Attorney General
19 The people NJGCA's small businesses serve	14 The A in NJGCA
20 Bankrupt company's loophole	16 NJ's Upper house of the legislature
21 The type of price lessee dealers pay	
22 _____ Fair Fee Act (two words)	





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