

ON THE ROAD

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www.NJGCA.org

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Disrupting Traditional Markets: The Future of the Industry

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Disruptions to the Automotive Industry

I can't help but think back to how I operated my gas station and dealt with constant changes in both the marketplace and technology. Working on a car and performing routine maintenance and even repairs were common, including in one's own driveway. The advancement in automobiles occurred at a steady pace, mostly in safety aspects, but also in things like fuel injection and electronic controls. I still remember when anti-lock brake systems were a giant breakthrough and an expensive option when buying a car. That's how every technological breakthrough or safety improvement starts out. . . as an option. In a matter of a few years, expensive features that were once optional have now become standard on all cars. Does anyone remember when power windows was an option? I remember a time when power steering and power brakes were an option that many people chose to decline because of cost. I'll bet many people today never heard of those options as they are never mentioned anymore. Is it possible to buy a car today without power steering? These were all disruptions in the automotive industry back then because manufacturers had to keep up with each other by developing new technologies and features. But those disruptions were mild compared to the disruptions that are coming, and much slower than the freight train of change that is barreling down the tracks right now.

I have mentioned in past writings how the 1979 Iran oil embargo created a worldwide crisis that had many people, including me, thinking about how we can end our reliance on foreign oil. Technologies emerged for alternative fuels and the cars that would be fueled with them. The slow emergence over the years was never a sudden disruption. The addition of global warming and environmental concerns have added a new motivation to create alternative fuels. I can write an entire newsletter based on my vision and exploration into alternative fuels, but my point in this writing is that we have been on the cusp of a real disruption in the future of fuels. I can't help but wonder who will emerge as prosperous, and who will even survive. The disruptions are not just coming, they are here!

It is important for us as an industry to pay attention to how severely Amazon has affected the entire retail sector of the economy. Retail giants such as Sears, JC Penny, and Toys R Us are being destroyed. The limousine and taxi cab industries are being decimated by Uber. The movie industry is facing serious challenges as people prefer to watch movies and television programs on their cell phones and computer screens; threatening the cable TV industry with entertainment providers like Netflix and YouTube. To say that Sears and Toys R Us have been disrupted is an understatement.

Is there a science to predicting the future disruptors of the world? I don't know, but I do know that you, as a responsible business owner, need to keep your eyes and ears open to determine future trends. It is my job and the responsibility of NJGCA to keep you informed and alert so that you are not left behind, and better yet, to benefit those of you with disrupting tendencies of your own to lead the

disruption.

Besides my job looking out for disruptions caused by government policy, I have to make sure that NJGCA is carefully watching for disruptions in each aspect of the industries that we serve. Remember, "NJGCA serves the small businesses that serve the motorist". NJGCA serves gasoline and diesel retailers, automotive service and tire repair shops, and convenience stores.

In the past when referring to the reluctant acceptance of the eventual coming of alternate fuels, I have always asked, "how do you think the corner candle makers felt when they learned that Thomas Edison invented the light bulb?" Gasoline retailers often ask, "we sell gasoline, why are you always talking about alternative fuels such as natural gas or hydrogen or electric?" My answer is simply, "I'll bet your grandmother remembers when her family bought a weekly supply of candles in order to light her home. How many candles do you think they bought after they installed light bulbs?"

What disruptions are on the horizon? There are several serious and imminent disruptions facing each of the sectors of business that we serve.

Let's start with gasoline fueled vehicles. There is a growing movement to continue using less gasoline in the future. Yes, it may be only mandates for higher mileage standards; or it may be as severe as a complete ban on gasoline and diesel fueled vehicles, such as the one several European countries have put in place by 2040. It is not likely that we will see a ban on gasoline vehicles for many years, but forces are in place and growing faster than previously thought to power our cars with fuel other than gasoline. The fastest moving is electricity. More manufacturers are building them, and more charging stations are being built. Worse yet is that most motorists will likely "fill up" at home while they are sleeping, as home charging is beginning to grow. Environmental advocates are pushing this movement as electric vehicle are zero emissions. Natural gas fueled vehicles emit much less Volatile Organic Compounds than diesel, and hydrogen vehicles are also zero emissions. Electric and hydrogen fueled vehicles perform terrific with plenty of power and speed. Gasoline retailers must stop thinking that they are in the gasoline business, and begin thinking as if they are in the "transportation energy business."

Convenience stores will begin to feel disrupted now that Amazon has announced that they will be entering the c-store business. They plan to revolutionize all retail (as if they haven't already) with a term you will begin hearing more about, and that is "Frictionless Payment." Amazon has test stores that are functioning well that will allow a customer to walk in to the store, pick up the merchandise they wish to purchase, and then simply walk out of the store! Their credit card will be charged and they will receive a receipt electronically. Convenience store owners thinking of investing in new POS equipment will have to think long and hard or risk purchasing a system that may be obsolete before it arrives.

I saved the biggest disruption for last. Auto repair shops, will you know how to fix autonomous vehicles? Autonomous vehicles will likely disrupt every sector of the businesses that NJGCA serves. In fact, they are likely to disrupt many other sectors of the economy, culture, and lifestyle. Like many, when I first learned of the advent of Autonomous Vehicles (AV), I figured that it was certainly in the future, but many many years away. I was wrong. It seems that we may be only about two years away from AVs on our roads. In fact, one of the biggest disruptors is now investing in AVs in a big way. Uber may even replace your family vehicle as there will be less reason to own one. The cost of walking out of your door, pressing a button and getting in to your ride is expected to be much less than all of the maintenance, insurance, and fuel that you will spend on your own car. Yes, they will all be electric so don't plan on selling any gasoline to them. There are differing predictions about how things like insurance will be affected. One thing is clear, without the cost of a driver, Uber can lower the cost of a ride significantly. But someone has to maintain and repair these vehicles.

For those who have the vision to turn the imminent disruptions into a positive, then you will be the disruptor. For a gas station that does nothing and watches as fewer and fewer gallons are being sold while expenses still rise, then you will be the disrupted. For the business owner who invests in electric charging stations or hydrogen fueling, you will be the disruptor.

For the c-store owner who installs electric charging, and maybe even a Starbucks style café for customers to wait while charging, you will be the disruptor. For those who invest in frictionless payment systems, you too will be a disruptor. For those who do neither, you will get caught in a whirlwind of plummeting sales and continued rising costs, and of course you will be the disrupted.

For shops who invest in tools, training, and technology and become expert in servicing sensors of all types, you will welcome all of the new AVs on the road, as they will surely require your services. For those shops that invest in training and the ability to fix electric vehicles and hydrogen fuel cells, you will also be a disruptor. For those who do not, you will be disrupted and eventually displaced.

One thing that I am sure of is that NJGCA members are more likely to be disruptors than disrupted. Generally business owners who choose to be a part of a community by belonging to a trade association already have taken a step to be kept aware and to be assisted as the future moves in. Although I have never been a good predictor of things, I do think that NJGCA will play a role in how our members approach the future. Let's get ready to disrupt.



"Prototype of Future Gas Station." Digital Image. CSP Industry News. 4 April 2014. Web 23 March 2018. <www.cspdailynews.com>

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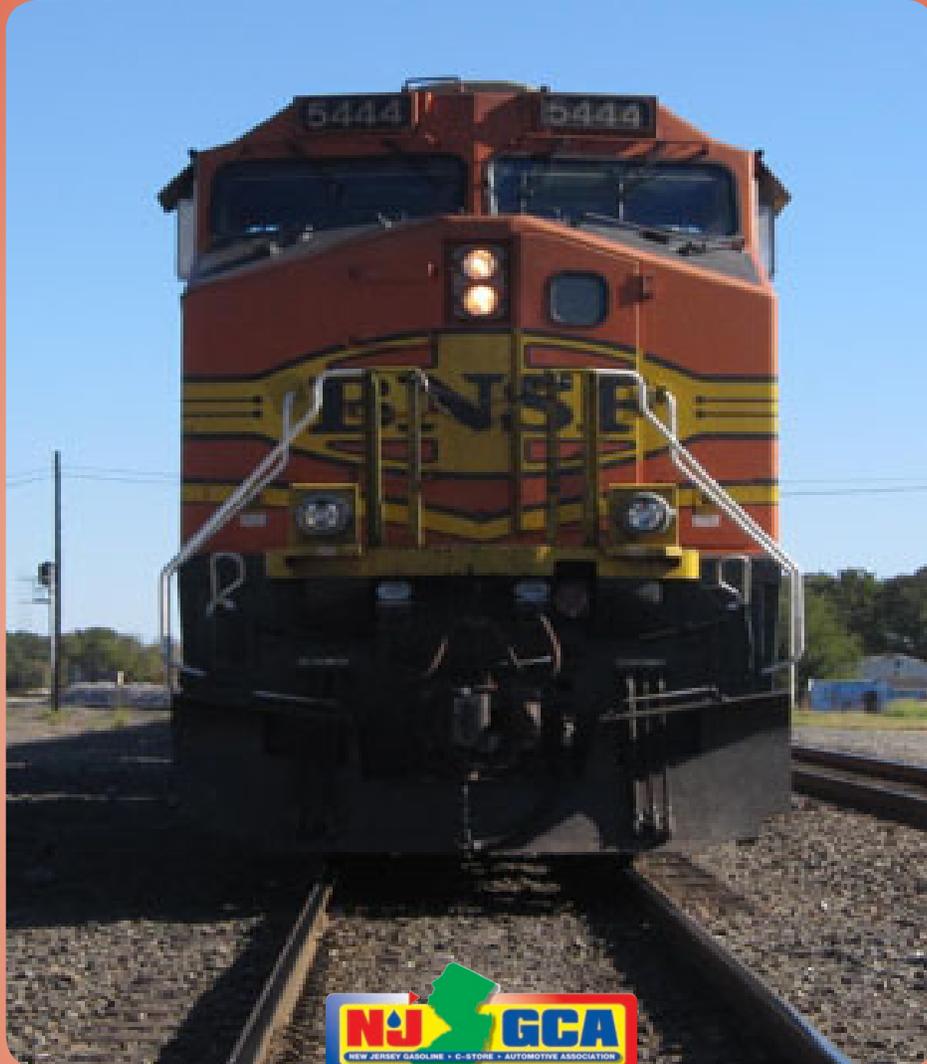
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NJGCA offers specialized assistance for members who find themselves facing fines and violations from NJ Weights and Measures, OSHA, Department of Labor (DOL), Department of Environmental Protection (DEP), NJ Motor Vehicle Commission (MVC), and others!

Our staff will review all documents and paperwork, coordinate meetings and hearings, communicate with State offices and employees, and ensure that our members receive a reasonable and fair outcome!

We are also proud to provide services such as: contract reviews, consultation for gas station and auto repair businesses, FREE conference calls with attorneys who specialize in your business matters, help with licensing for Private Inspection and Emission Repair Facilities, seminars on Wage and Hour and OSHA rules, Environmental compliance, and much more!

NJGCA takes pride in providing up-to-the-minute information and making sure our members are ahead of the curve (and their competitors). All members receive a weekly email and quarterly magazine, in addition to urgent *Wildfire Alerts* when we have an update that can't wait!

NJGCA also provides the training and seminars that you need to make sure you stay on the cutting edge. We offer technical certifications for INL and ERT licenses, as well as seminars on how to stay in compliance with State labor regulations, DEP rules, and Weights and Measures requirements.

And whenever you have a question, NJGCA's dedicated, expert staff is only a phone call away to make sure that you're running the smartest, most efficient business you can!

For over 80 years, NJGCA has advocated for the interests of the motor fuel, auto repair, and convenience store industries in Trenton and Washington, DC.

We work tirelessly to promote and encourage legislators to enact small-business friendly policies. We also take the time to educate law-makers about how harmful proposals will impact you and your business, and ultimately hurt consumers and the economy at large.

NJGCA has worked hard to earn the respect of lawmakers, and our credibility is second-to-none. The more members we have, the louder our voice, the stronger our Association, and the more power we have to accomplish our goals! Join us today!

NJGCA proudly partners with over 45 companies to offer our members the best service and highest quality products.

Our exclusive relationships with various banks and lenders, credit card processors, attorneys, LSRPs, uniform vendors, gasoline, diesel, motor oil and auto parts suppliers, tank testing and compliance companies, and many other vendors, have provided members with thousands of dollars in special discounts and other benefits.

NJGCA also offers members health coverage, workers compensation and garage liability insurance programs which feature yearly dividends!

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- ☀ You are required to have Class A/B and C certified operators at every UST location by October 2018

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Legislative Roundup

Important Issues Affecting Your Business

By: Eric Blomgren

MENTHOL CIGARETTE BAN

In January, the Assembly Health Committee passed A-2185, which completely bans the sale of menthol cigarettes in the state of New Jersey. No state in the nation has such a ban, only San Francisco and Minneapolis (and some surrounding MN towns) have enacted such a ban. Menthol cigarettes account for about 40% of all the cigarettes sold in the state of New Jersey. If their sale were eliminated it would wipe out nearly \$1 billion in gross sales revenue, not counting how much would be lost in sales of other products. Given the state's small geography, menthol smokers would be able to easily drive over to Pennsylvania or upstate New York and buy a few cartons. There would also be a dramatic increase in smuggling as criminals could easily bring vans full of cigarettes from PA or Virginia (where the state cigarette tax is 30¢ a pack, compared to \$2.70 in NJ). In addition to the cost to business, the state budget would suffer a massive hit of about \$320 million per year. No doubt that fact will be chief on the minds of the members of the Assembly Appropriations Committee, where the bill now sits.

MERCURY PRODUCTS BAN

A quick reminder that effective July 7th, no one will be able to install or sell mercury or lead wheel weights in the state of New Jersey, as per a law signed by Gov. Christie a few months ago. The Legislature is also moving a bill that would ban the sale and distribution of mercury relays and switches, which have been used in some auto parts. A dozen other states have already enacted similar bans over the last 15 years, and most major manufacturers have already phased out the use of mercury in their products. There is an exception for a relay or switch that is integrated with, and not physically separate from, other components of a product. If the bill is signed into law, it would not go into effect for one year.

TOBACCO & VAPING TAX INCREASE

As part of his proposed budget, Gov. Murphy and Treasurer Muoio have suggested dramatic increases in the taxes on tobacco and vaping products. There are no specifics yet, but apparently the plan is to raise the tax on non-cigarette tobacco products from 30% to 70%. They would also create a new tax of 70% on all vaping devices and fluids, which would effectively eliminate that category as customers would just make their purchases entirely online to avoid the tax. We also believe they are considering a "floor stocks tax" on these products, meaning you would have to pay in advance all the extra taxes owed on any of these products you have in stock when the tax goes into effect, and then hope you earn the money back from whatever customers you have left. Stay tuned, as we will be fighting this plan and can only win it with the voices of the actual business owners who will be hurt.

FISCAL YEAR 2019 BUDGET

Gov. Murphy has proposed a \$37.4 billion budget for Fiscal Year 2019 (July 1, 2018-June 30, 2019), an increase in spending of \$2.7 billion. Of the proposals most noteworthy to retailers, he has asked the Legislature to repeal the sales tax cut passed at the urging of Gov. Christie as part of the gas tax increase deal.

The sales tax would be increased back to 7%, from the 6.625% it is at now. Beyond the tobacco/vaping taxes already discussed, it would also add taxes to services like Uber and Airbnb. The tax on income over \$1 million would be increased from 8.97% to 10.75%.

WAGE THEFT

As one of his final acts in office, Gov. Christie issued a conditional veto of the wage theft legislation that landed on his desk. Rather than a simple veto, the conditional veto included a variety of suggested changes which would make the bill both fairer to employers and more effective at cracking down on true wage thieves. The main point we are arguing for is that the significantly enhanced penalties and enforcement provisions be focused on "knowing and willful" violators of the law, not those employers who simply made a paperwork or bookkeeping error. The Senate Labor Committee voted to pass a much simpler bill that would increase the existing fines on wage theft violations. Gov. Murphy has said he intends to make cracking down on wage theft a major priority.

NJ TAX CHANGES PROPOSED

While Gov. Murphy campaigned aggressively on increasing the income tax on income over \$1 million a year, his plan has run into difficulty following the passage of federal tax reform. Sen. Pres. Sweeney (D-Gloucester), once a strong supporter of such an increase has said the changes at the federal level (specifically the capping of the state and local tax deduction at \$10,000 for individuals) have led him to reconsider his past support. Instead, he has endorsed a plan for a corporate business tax surcharge of 3% on c-corps with a net income of over \$1 million. C-corps saw a huge windfall from the federal reform since the corporate rate was lowered from 35% to 21%.

While big c-corps have come into the crossfire, Senators Sarlo (D-Bergen) and Oroho (R-Sussex) unveiled a plan that would benefit "pass-throughs" like s-corps and LLCs. Their plan would reclassify the income earned by owners of these businesses and collect the income tax revenue at the business level, instead of the individual level. The federal reform capped the amount of state income and property taxes an individual could deduct at \$10,000, while doubling the standard deduction to \$12,000 for individuals and \$24,000 for couples. This proposed change means small business owners will no longer have to worry about counting their state income tax against that \$10,000 cap, making it more likely they will see a net decrease in taxes, or a bigger decrease than they would have otherwise.

NEW TRUMP PROPOSALS

The President continues to push for a large increase in the nation's infrastructure spending. As a way to fund it, he has endorsed a proposal from the national Chamber of Commerce to increase the federal gas tax by 25¢ a gallon. The federal gas tax has not been raised in over 25 years. A national increase would not affect New Jersey's tax advantage over NY and PA, but it would mean less money in consumer's pockets to spend on c-store items.

The President announced in March that he intended to place

tariffs on steel and aluminum products imported from other countries. Such tariffs will increase wholesale costs for products like auto parts and tires. They will also increase the cost of oil drilling and infrastructure building, which will eventually raise the cost of oil and refined products. It remains to be seen if these tariffs will be enacted, whether any countries will be exempted, or whether certain steel products not made in the US at all will be exempted.

The Administration also floated a plan to substantially change the SNAP, or food stamp, program. Under the plan, many SNAP recipients would have their benefits significantly cut and instead regularly receive a box of preselected dry goods. The Administration says the plan, backed by food manufacturers, will save the government about \$13 billion per year but significantly reduce the amount of money SNAP users can spend at retailers.

ELECTRIC POWER INCREASE

During the brief lame-duck session of the Legislature after last year's election, PSEG and its allies tried to rush through a bailout for the nuclear energy plants in Salem County. The bailout would have increased power rates across the state by about 3%, but it failed to make it through the process before the previous session expired. Since then, the bill has been amended several times and gotten far more complex. It now includes a variety of subsidies to promote the development of solar and wind power. However, these subsidies are estimated to increase the cost by at least double.

CARBON TAX

In March, Washington State narrowly defeated a bill which would have established the first tax on carbon emissions in the nation. The demand for a carbon tax has been growing since the creation of the Paris Climate Accord. Even some major oil companies have said they support the creation of a carbon tax as the least onerous way to decrease carbon emissions. The tax in WA would have started at \$12 per ton and gradually increased to \$30 a ton in 2030. That equates to an increase in the cost of motor fuel by about 10¢ a gallon to eventually 25¢ a gallon. Similar proposals have been introduced in several other states. While no one in NJ has yet to introduce such a tax, Gov. Murphy did sign a bill which committed the state to meeting the carbon reductions called for by the Paris deal.

FOOD BILLS

At the end of his term in office, Gov. Christie had three bills on his desk which would have had some benefit to c-stores. He signed into law a bill (P.L.2017, c.311) which expanded liability protections for retailers donating food to nonprofit organizations. He vetoed a bill that would have created a state tax deduction for food donations. He also vetoed, again, the "Healthy Small Food Retailer Act" which would have given c-stores tax credits if they began offering fresh and healthy groceries for sale. That bill has been reintroduced and passed the Assembly 59-70 in March.

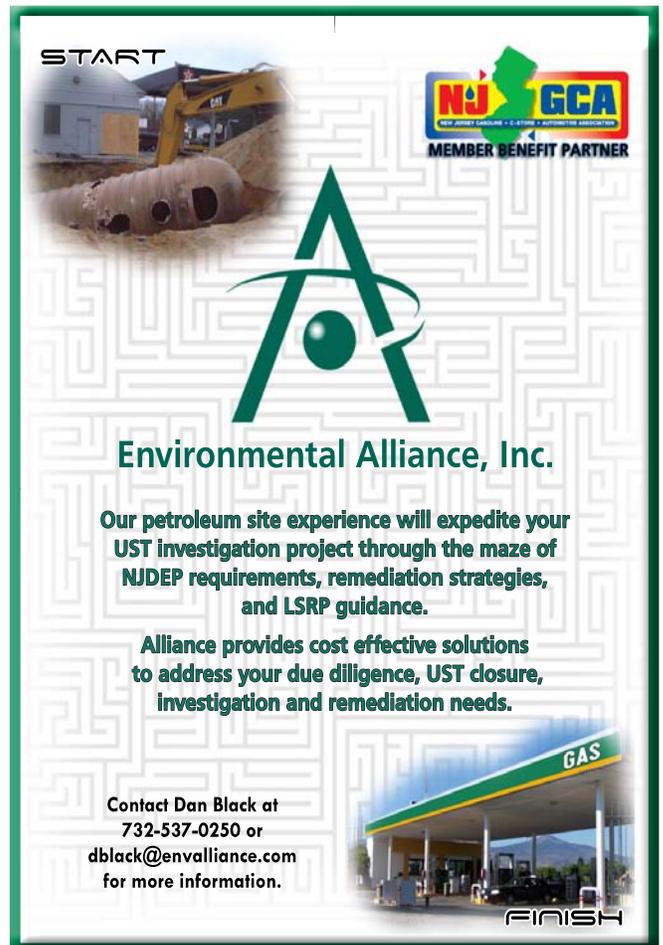
MURPHY ADMINISTRATION

While NJGCA and others feared that the new Governor would move immediately to enact an agenda that would have increased burdens on business owners, things have started off slower than expected. There has been little news on the \$15 minimum wage, although the Governor and both leaders in the Legislature committed themselves to not just

raising the wage but raising it to \$15 an hour specifically. The details of mandatory paid sick leave are still being worked out, although the first hearing on this issue was just scheduled in mid-March. We do expect these two issues to get more attention in the spring, before the Legislature breaks for the summer on June 30th. One of the other key aspects of Murphy's agenda was to legalize and tax marijuana. While some originally speculated this might be signed into law within the first 100 days of the Administration, many legislators of both parties have expressed skepticism. If the legalization were to pass, it now seems a virtual certainty that these products would only be able to be sold at dedicated retail establishments.

ELECTION 2018

This year we will be electing our representatives to Congress. Sen. Bob Menendez (D) is running for a third term following the decision by federal prosecutors to drop the corruption charges against him after jurors couldn't decide whether or not he was guilty. His likely Republican opponent will be former Celgene Executive Bob Hugin, who has committed to spending several million dollars in support of his candidacy. All twelve of our members of the House will also be on the ballot, and unlike most years, several of these races will be very competitive. Primary Elections will be held on June 5th. If you would like to vote in the primary, you must be a registered member of the party. The deadline to register is May 15th.



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MEMBERSHIP MEMO!

Hello & Happy Spring!

I hope the winter wasn't too much of a burden. Here are some topics of interest for this issue:

- We are awaiting word from Ameritrust Group (formerly Meadowbrook Insurance) regarding details of this year's proposed Workers Comp dividend. **This is a nice benefit that more members should take advantage of!** We'll keep you posted in the Road Warrior as we get additional information.
- Workers Compensation Insurance Pay-As-You-Go has arrived!! Ameritrust Group has announced a program that will allow members to pay their workers compensation premiums based on each payroll period as opposed to an annual estimated payroll. This program will eliminate guesswork or possible inaccurate payments resulting in an audit premium at renewal time. While this program will still require an audit (as do all programs), there should be little or no difference between the premium owed and the premium paid. In addition, this program is also eligible for any of the existing discounts AND the possibility of a dividend return. This is an amazing product that can be a huge benefit for NJGCA members. Please

contact The Amato Agency at 1-800-763-6574 for more details OR visit <http://www.wcpolicy.com/wcquote/> for a quote and additional information.

- The Pay-As-You-Go Workers Comp program will work especially well with NJGCA MBP Payroll service Simpay.
- You should all have received your 2018 Member Benefit Partner Brochures. If you haven't please contact me greg@njgca.org and I'll see that you get one.
- One last item: for those members who seem to not be receiving our weekly email and use Optimum online, you may have to call tech support and ask them to instruct you how to put NJGCA on the approved senders list or you may have to ask them to relax their spam scrubber. It is very aggressive and they do have the ability to ratchet it down.

That's all for this issue, thank you for reading. Until next time.

Cheers!
Greg



Peter Gudzak

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Email: pgudzak@cbiz.com

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CBIZ represents the finest companies in the industry and is positioned to negotiate with the most competitive insurance carriers.

As a leader in the auto service/fuel dealers industry, we continue to provide solutions for service stations, c-stores, car washes, repair shops, auto body shops and wholesalers. Our GOAL is to provide exceptional service to every client, with an outstanding team of professionals, committed to developing a solid relationship with you and your organization. We understand how to provide a cost effective, flexible and comprehensive insurance program for your business including special programs available to NJGCA members.

MULTIPLE SERVICES WITH A SINGLE FOCUS: YOUR SUCCESS

Growth and Success. Efficiency and Profitability. It's likely that these goals are top priorities for your business. It is also likely that the daily distractions of financial and employee issues diminish your ability to focus on those goals.

CBIZ enables you to dedicate your time to critical business matters by providing custom solutions that help you manage your finances and employees.

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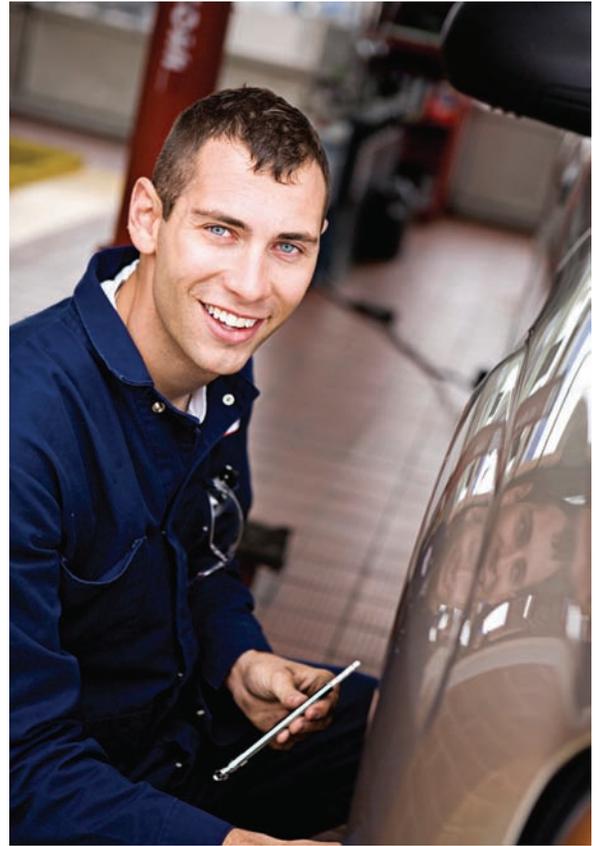
Great News for NJGCA Members

Group Health Coverage through NJGCA and Association Master Trust

Unless you're a large business with hundreds or thousands of employees, providing and administering a health benefits plan can be a huge burden. However, if you're a NJGCA member, you can now take advantage of a great group offering through the **Association Master Trust**

NJGCA member companies are eligible for comprehensive self-funded health and dental benefits through Association Master Trust. The Association Master Trust covers approximately 10,000 participants from thirteen trade and member association benefit trusts.

Qualifying NJGCA member firms can now enjoy all of the benefits of network services and modern claims administration. By being a member of AMT you're part of a large group, and have access the same great health benefits plans the big guys do!



*To learn more about AMT's self-funded health
benefits plans call today and ask for Joy
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for further details.*

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NEW RULES FOR PURCHASING REFRIGERANT EFFECTIVE JANUARY 1, 2018!

Effective January 1, 2018 the EPA will require service technicians to have Section 609 credentials to service motor vehicle air conditioning systems.

The sales restriction is established by EPA regulations (40 CFR Part 82, Subpart F) under Section 608 of the Clean Air Act. Only EPA-certified technicians are allowed to purchase ozone-depleting substances (ODS) used as refrigerants. The sales restriction covers refrigerants contained in cylinders, cans or drums, except for the sale of small cans of substitute refrigerants for use in motor vehicle air conditioners. The sales restriction does not cover refrigeration and air-conditioning equipment or components containing refrigerants.

How does this effect you?

Starting January 1, 2018, technicians must pass a certification exam offered by an approved technician certification program in order to maintain, service, repair or dispose of appliances containing ODS or substitute refrigerants. The certification exam will be updated to reflect the new rules and new refrigerants. The technicians are required to keep a copy of this certificate at their place of business. This copy of your certificate must be maintained for three years after no longer operating as a technician.

Autopart International will not sell refrigerant to any service provider without proof of this certificate effective January 1, 2018.

The following people can buy any type of ozone-depleting refrigerant under this sales restriction effective January 1, 2018:

- Technicians who have earned the Section 608 Technician Certificate.
- Employers of Section 608 certified technician (or the employer's authorized representative) if the employer provides the refrigerant wholesaler written evidence that he or she employs at least one properly certified technician.

The following people can buy refrigerant found acceptable for use in a motor vehicle air conditioner (MVAC):

- Technicians who have earned the Section 608 Technician Certificate.

Service professionals can satisfy the sales requirement by showing their certificate or wallet card prior to purchase. Section 608 credentials can be earned with the EPA-approved ASE Refrigerant Recovery and Recycling Program. ASE recommends that technicians take the program online so they can get their results instantly.

The program costs \$19 and more details can be found at ase.com/609.

BUYER BEWARE: AVOID TRUNK SLAMMERS!

By: *Marty Glick, Harold Levinson Associates*

Store owners have been buying candy, automotive, lighters, HBC, Vape E-Cigs...from “gray vans” and “trunk slammers” for years. Many of these entrepreneurs are very hard working individuals, willing to work on razor thin margins. Others may not be who they appear. If a Trunk Slammer is selling products that aren't available for purchase from your legitimate C-Store distributor, then that is a clue that the product they are pawning off on you is not a legit product. Reputable distributors desire to sell as many products as possible, so if it is not sold by a distributor like HLA, then it is likely not a legit product.

A full line c-store distributor, such as HLA, requires that ALL vendors supply us with their Liability Insurance Policy yearly. If it is not updated, we will not purchase their products. In addition, HLA has Liability Insurance. Why is this important? More than likely, the gray van and the truck slammer probably do not, and that could potentially put a store owner at risk for anything that goes wrong, and it could become your liability.

If the price being offered is much lower than it is from your regular supplier, then you should be questioning why. Could it be short dated/coded? Could it be counterfeit? Look at the nightmare that Logic went through. They could not stop the counterfeiting of their best-selling product, so they actually stopped making it and created a whole new e-cig/Vape product.

You can buy “Rolex” watches on any street corner along with Gucci bags in NYC. Everyone knows those are fakes.

We all work very hard for the dollars that we earn. Being able to put your head on your pillow at night is much better than worrying about receiving a lawsuit, or someone getting hurt or sick from something that you sold them or even a visit from the authorities.

There are no short cuts. Are the rewards worth the risk? Only you can answer that question.

Marty Glick is the Vice President of Sales at Harold Levinson Associates for 19 years. HLA is a trusted NJGCA MBP with massive warehouse facilities in Farmingdale NY and Ewing NJ.



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Disruption: Coming to Your Industry Soon

By: Eric Blomgren & Michelle Horowitz

Disruption has become the buzzword in the economy for the last few years. It's when innovation and new technologies force a change in the way business is done, upsetting and replacing the traditional ways of doing things. Amazon and Uber are some of the best examples.

In the past few years, we have watched as the tech and automotive industries collaborate to bring to the market incredible new developments to the field: self-driving cars, self-serving kiosks in stores, and even the incorporation of data analytics and mobile apps that tell us to pull over to refresh our cup of coffee as we drive by our favorite convenience stores. With these new changes on the horizon, this begs the question of what these developments will mean for the traditional gas station, auto repair shop, and convenience store owner. As these advancements continue to hit the market, it is important to keep informed of what's to come in order to make knowledgeable decisions around evolving your business.

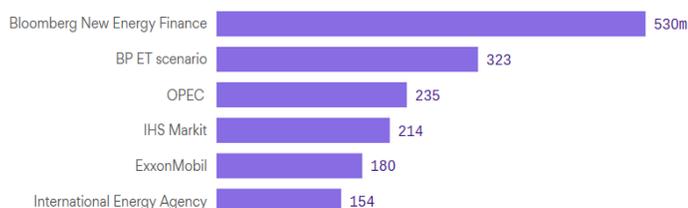
Electric Vehicles (EVs)

With growing concerns around climate change and air pollution as well as declining demand for oil, both car manufacturers and consumers are looking to alternative fuel options. These new alternative fuel and battery-powered vehicles are increasing in popularity as new models and evolving technologies are hitting the market.

Forecasts for the future are all over the place, and there are a wide variety of factors that could dramatically shift how widespread electric vehicles will be adopted, such as the speed at which battery prices will fall. The most optimistic estimates say that full EVs and the traditional internal combustion engine will cost the same about ten years from now. Whether future vehicle fleets are pure electrics or hybrids will matter a lot to gasoline demand. Remember, even though the UK and France got headlines for 'banning the sale of gas vehicles' in 2040, the ban only applies to gasoline only vehicles—a car that travels 300 miles on gas and 20 miles on electric would still be allowed.

Projected number of electric vehicles in 2040

Millions of vehicles, globally



Reproduced from [BP Energy Outlook 2018](#); Chart: Axios Visuals

About 14,000 plug-in EVs are currently registered in New Jersey, with a few hundred public charging stations. Putting this figure in perspective, there are 2.9 million vehicles registered in total in NJ, and about 2,400 gas stations.

Atlantic City Electric announced plans this month to install and manage 30 fast chargers, the most expensive form of charging station, which can give a typical EV an 80% charge in 30 minutes. The cheaper Level 2 charger (they will be installing 150) takes 3-5 hours. The cost for this installation will be borne by all ratepayers. At this level of commitment it's only a few cents per month for the typical household, but if they plan to dramatically expand, ratepayers may be forced to bear the costs, at least the initial upfront costs. Being able to spread the cost over tens of thousands of ratepayers (who have no choice in the matter) is an unfair competitive advantage that independent retailers don't have.

Will utility companies become a threat to the commercial marketplace in the way the oil companies used to be a threat to gas station dealers? Under current New Jersey law no one can charge an EV driver based on the amount of electricity they use to fuel up, they can only charge for other things like the time used to charge. This is not an effective or fair business practice since the most expensive chargers require the least amount of time for the vehicle to sit there.

A growing concern for EVs is where to get the materials to make the batteries. We are already seeing big increases in the cost of rare earth minerals like lithium and cobalt. It's been discovered that some cobalt mines in war-torn Democratic Republic of the Congo rely on child labor. The Congo is a hotbed of corruption and very politically unsettled, arguably worse than the Middle East. Meanwhile, oil is flowing in stable places like Texas, North Dakota, and Canada. Exxon's future is increasingly off the coast of Guyana, a small stable South American country. The price of cobalt has nearly tripled in less than 18 months. On top of that, the Congolese government is planning to double its tax on cobalt mining. China realized the importance of rare-earths at least a decade ago and began scooping them up all over the world. Seven of the 10 biggest producers in Congo are Chinese owned. Most cobalt refiners are also in China.

According to a report in Bloomberg, if each of the billion cars on the road were replaced today with a Tesla Model X, the world would need 14 million tons

of cobalt, twice all the known global reserves. What's more, cobalt is used in batteries of all kinds, including mobile phones, tablets, and laptops. Of course the more expensive and difficult to procure cobalt becomes, the larger the incentive grows to invent a new type of battery that relies on a different type of metal, although that would likely start the process over again, and lead to a different rare-earth being hunted across the globe.

Many EV owners will charge their cars at night while at home, but what about those without a garage, or if they do have a garage, have multiple EV vehicles? Some will charge at the office at first, but can an entire parking lot really have a charger at every space? What's the cost of that, given the actual installation of the charging station is a huge portion of the cost? In some cases it's more than the equipment itself. What about apartment dwellers, or those in urban areas who only park on the street in different spots? Go to the mall on a Saturday afternoon and look at all the cars; now imagine just one third of them being electric and needing to plug in.

These situations will create a need for a dedicated business to plug in and charge—and leave shortly after charging is complete. C-stores may start to look more like a Starbucks. Free Wi-Fi, comfortable seating, a few TV screens, fresh made foods, and all on a larger footprint for the physical store. Disruptors may even choose to have Wi-Fi that reaches the entire footprint of the property, so people can sit in their cars and sip their just purchased coffee while they wait. They can be back on the road (or drive directly home) in 20 minutes. For the traditional motor fuel stations, the most challenging aspect of an EV-dominated future may be the phase we are about to enter in the next ten years—one where EVs are widespread enough to hurt gasoline demand, but not widespread enough to need dedicated recharging businesses.

Transportation

These may be the fuels of the future, but what will people be driving? The most highly anticipated vehicle to hit the market is the affordable Tesla Model 3, with a minimum range of 220 miles of battery life and its promise to make environmentally-friendly cars affordable and accessible to anyone. However, with production yielding less than ideal outputs, it seems the days of everyone driving battery-powered Tesla's are still further out than previously expected. Cadillac recently revealed their new 2018 CT6 which includes a "super cruise" autonomous driving system. A camera in the steering column monitors your eyes to make sure you are paying attention to the road, as the self-driving technology is not quite ready to handle complex situations. Mercedes has also released a prototype for a new self-driving ride-hailing vehicle, and has partnered with Uber to produce a fleet of vehicles with Uber's self-driving technology.

The first fully self-driving cars may be on the road in two years, but at what cost? Just recently, the first fatal accident involving a self-driving Uber vehicle occurred in Arizona. Shortly afterwards, Arizona Governor Doug Ducey suspended Uber's ability to test their self-driving vehicles in the state. As safety questions and technology doubters arise, this may lead to further public outcries that stall this technology development. Companies like Uber are looking toward a future where people, especially in urban areas, don't own cars at all, but merely hire an autonomous vehicle every time they need a lift. Without drivers to pay, they hope to offer the service at a price cheaper than owning a car. The vehicles they are looking at for this autonomous future are all electric. BP estimates that because autonomous fleets will very likely be electric powered, EVs will account for 15% of worldwide vehicles in 2040 but nearly 30% of passenger miles driven. Bloomberg, which is arguably the most aggressive in its predictions for electrification, doesn't expect autonomous driving to make any meaningful impact until after 2030.

Fuel cell vehicles use hydrogen gas to power an electric motor. The fuel cells generate electricity through stored hydrogen and oxygen. When hydrogen and oxygen combine, it produces energy to move the car, with the only byproduct being water. Hydrogen is lighter than methanol and ethanol fuels and has a higher energy density per weight. However, because there are no large natural sources of pure hydrogen as there are with fossil fuels, hydrogen fuel will need to be manufactured, which is more labor intensive and results in a more expensive product. Additionally, hydrogen fuel needs to be compressed at a very high pressure, making it more difficult to transport. Hydrogen filling stations cost up to \$2 million, a significant investment for those considering making that change.

Air Liquide, a major French chemical company, is looking to jumpstart the hydrogen market. They are currently building New Jersey's first hydrogen station in Lodi, with plans to build more in different parts of the state. They are willing to bear the entire cost of the station construction. Japan has also announced a commitment to hydrogen, with a coalition of major businesses (including Toyota, Nissan, and Honda) planning to build 80 new stations in the next four years, doubling the current number. Many of the existing stations are owned by a Japanese oil company. Their hope is that as more stations are built, they will be able to refine the process and cut the cost of construction in half at least.

Biofuels are fuels produced from organic material; such as wood, sugar, vegetable oil, crops, charcoal, and waste. Because these materials are made from newer materials (plants vs. fossil fuels that have been buried

deep underground for long periods of time), they are considered carbon neutral, as they recycle existing carbon instead of adding more to the atmosphere. A diverse range of fuels can also be made using organic materials. Most recently, ExxonMobil partnered with Synthetic Genomics, Inc. to conduct research on algae as a low-emission fuel, and will scale up their efforts to produce 10,000 barrels per day by 2025. Turning the organic material into fuel uses energy however, which in turn, may cause pollution.

Gasoline

By almost any estimate, gasoline is going to continue to be the cornerstone of transportation fuels for at least the next 20 years, and continue to be a major part of the passenger fleet after that. Still, a new report from the Boston Consulting Group estimates that by 2035 demand for gasoline in the US could drop by as much as one third, due not just to EV penetration but more to greater fuel efficiency.

One pathway for auto manufacturers to meet the government's requirements for higher fuel efficiency is to manufacture more vehicles which require high octane gas. A GM executive in March called for premium gas to become the new regular. This is a trend which could be a real benefit to station owners, as premium gas is generally sold at a higher margin than regular. Increased demand for premium gas has already caused a jump in premium prices over the last few years. If premium does continue to expand, and is more actively promoted by all car manufacturers (not just the luxury ones), then that could incentivize refiners to focus on higher octane blends, thereby lowering the wholesale costs.

Some manufacturers are even looking at having engines that run on higher octane levels than what are currently available, with octane ratings as high as 100. Building out an infrastructure for that could be problematic, as octane that high would damage traditional engines; meaning it would need separate pumps, as with diesel. One way to jumpstart demand would be for car dealerships to offer these super-octane blends, as some of them currently offer EV charging stations. The cheapest and easiest way to increase octane is to add more ethanol, as much as 25%. While highly efficient gasoline-powered engines are certainly not carbon-free, they can play a role in reducing carbon emissions, in the way increasing natural gas use has lowered carbon emissions by replacing coal.

The future price of oil will play a big role in the speed of EV adoption. If prices spike again, as they did in 2011-2014, it would be a powerful incentive to consumers, manufacturers, and ultimately the government to force an increase in adoption rates. On the other hand, the

ongoing fracking revolution continues to produce so much oil that the US will become the top oil producer in the world next year, and within ten years will export more oil than it imports. That's quite a change from just a decade ago, when "energy independence" was a major factor in the 2008 presidential election. In fact, there is so much oil being produced so cheaply right now that international energy groups are warning the world may see a supply crunch in about five years, as major oil companies are not investing in new expensive projects right now.

Right now, the cost to keep an EV "fueled" is about half of what it costs for a gas-powered car. Electricity costs, however, may rise in the future as utilities install more expensive clean forms of generation, like utility-scale wind and solar. Gov. Phil Murphy is moving aggressively to get the country's largest offshore windfarm built off the coast of Atlantic County. Environmental advocates in NJ are pushing to have 100% of our electricity be generated by solar and wind by 2050, some even want it done by 2035. EV charging will significantly increase the stress on the grid, forcing a round of costly updates. A recent study focusing on NJ said our old grid could be maxed out in the next 5-10 years, once EVs start to take up as little as 5%-10% of the total fleet.

As demand for gasoline and diesel starts to drop, that may cause prices for that fuel to fall further, which would then make combustion engines cheaper than EVs again. On the other hand, a major problem for oil could be the creation of some type of carbon tax within the next decade, either a national one or one just in New Jersey. The concept has received some bipartisan support in recent years as a simple way to reduce carbon emissions. The increase in costs would lead to a spike of 10-25¢ a gallon for gasoline and diesel. Further gas tax increases are also a possibility in order to fund infrastructure improvements. As mileage continues to increase, we may even start to move away from the gas tax and toward some type of mileage tax. In theory, the replacement of the gas tax with a mileage tax could be a benefit for stations, if it meant taking 55.5¢ a gallon off the current cost of gasoline.

We shouldn't assume that we will go from a society of near 100% gas powered cars to 100% EVs or 100% hydrogen. The future fuel station may have gasoline, diesel, super-octane, EV charging, and hydrogen all lined up. Gasoline is going to have a place in transportation fuels for decades to come.

Auto Repair & Mobile Servicing

Both pure EVs and autonomous driving could hurt demand for vehicle repair and maintenance. While tires and brakes will still suffer wear and tear, there are far fewer moving parts in an EV engine. One group

of analysts found that a Chevy Bolt doesn't require engine maintenance for the first 150,000 miles it drives. Self-driving vehicles are also expected to be significantly safer since about 90% of accidents are due to human error (but at least insurance prices will drop!). On the other hand, in order for the car to drive itself it will be extremely reliant on fully functioning sensor and communications equipment. Those sensors must be perfectly tuned at all times to ensure the car knows where it is and where every other vehicle on the road is. The importance of this equipment may even force policymakers to bring back an aggressive safety inspection schedule for these vehicles in order to ensure all parts are operating at peak effectiveness.

Even vehicle maintenance itself could see disruption. Earlier this year ExxonMobil invested in Yoshi Inc., a Silicon Valley startup that connects with customers through an app, and then allows them to schedule a time for one of their employees to come to them and perform an oil change right in their driveway.

In San Francisco, motorists can already use the Filld app to have a truck come to them and fill up their car with gas, whether it's parked in their driveway or in the office parking lot. All customers need to do is leave their fill cap open. A competitor to Filld is Booster, which is targeting large corporate office parks for business. Booster has even patented its fueling trucks (pictured below).



Current regulations in NJ require the sale of motor fuel only be from a fixed location, and even in California, local fire officials have been skeptical about trucks (for some companies it's just a pickup truck) driving around residential neighborhoods full of gasoline. There would also be concerns from Weights & Measures (ensuring the meters on the trucks are accurate) and the DEP (what if there is a spill?).

Market forces may also hurt some of these companies once they move beyond cities. In the last decade, about 40% of stations within major cities have disappeared. Land values in places like NYC and San Francisco have been skyrocketing, and stations are being bought

up for the land. In Manhattan, there are fewer than 50 gas stations left (below 96th St. there are only about a dozen). A moving truck can fill a market void in a place like that, but it's more difficult to make that sell in suburban areas where gas stations are frequent and located along main roads motorists are already traveling.

Of course, for many businesses the oil change or the gas fill-up is basically a loss-leader, and the business stays profitable by selling other goods and services. These companies need to find another way to make enough money to stay in business, as well as enough to pay their employees. That normally means a special delivery charge that works out to as much as 30¢-50¢ a gallon. While some may be willing to pay that much for convenience, many will not.

C-Stores

Perhaps the area where the most rapid change is currently underway, convenience and food stores are quickly innovating and changing to meet the demands of millennials and 'Generation Z' customers who demand a new meaning to convenience. The data says it all; while fast-casual food chains continue to see an increase over time with millennials, convenience stores are almost twice as important for consumers age 18-34, accounting for 11% of food and beverage stops for millennials in 2014 according NPD's annual "Eating Patterns in America" study. But consumers don't just want to make a quick stop for their purchases, they want the ability to order everything from the convenience of their own home. According to Datassential's Foodservice @ Home Keynote Report, 37% of consumers order delivery or pick up food to take home at least once a week, and at least 40% of consumers say they've increased their rate of food ordering in the past year. Convenience stores are listening. Recently, select WaWa locations partnered with UberEats and Grubhub to offer delivery services; 7-Eleven has a partnership with Postmates to deliver as well, only increasing the demand for these establishments.

If the estimated year of all these anticipated changes to the industry is correct, say between 2030 and 2040, what will these convenience stores of the future look like, and what kinds of services will they offer? This is difficult to truly predict as it is challenging to keep up with the fast-paced tech industry, however, looking at concepts and trends can give us helpful clues of what's to come. Fitness brand Reebok recently partnered with a design firm to create a new concept for gas stations to double as fitness hubs. As gas-powered cars become obsolete in the decades to come, Reebok anticipates drivers will want a place to work on their mental and physical wellness as they wait for their cars to fill up or power up. These convenience stores of the future will sell healthy, farm to table meal options, and even offer a variety of fitness classes. More features convenience stores are looking to add or expand on include rewards

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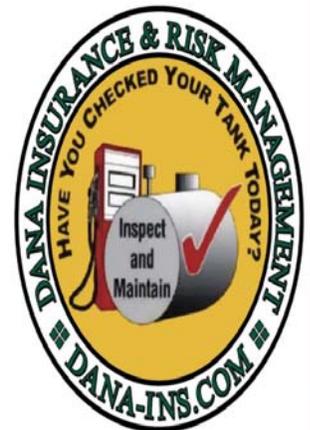
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ExxonMobil Takes Big Leap Forward On Algae Biofuels

By: Andrew Sinclair, Northeast State Government Affairs, ExxonMobil



ExxonMobil and Synthetic Genomics, Inc. (SGI) have worked together to turn algae into a low-emission transportation fuel for a number of years. It's an ambitious project that's inspired scientists and engineers in labs coast to coast – including ExxonMobil's Research and Engineering facility in Clinton, NJ – and triggered important breakthroughs.

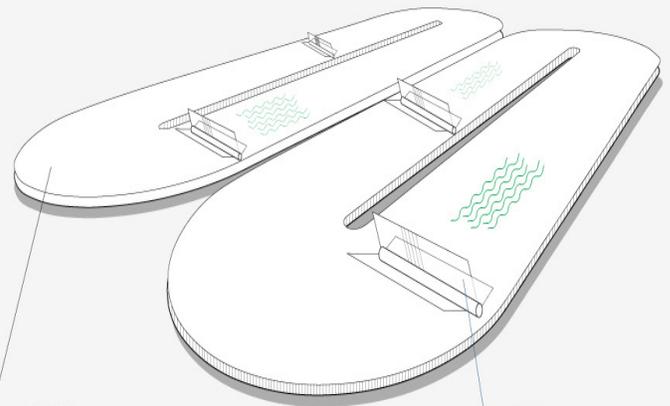
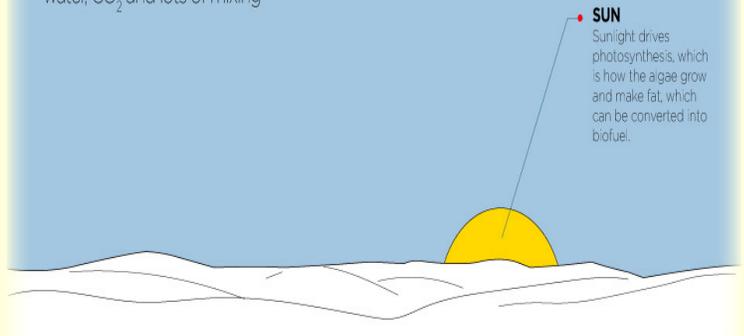
The research will now also involve a farm in California. There, over the next couple of years, researchers will farm algae at a much larger scale than the sample-size quantities used in labs so far. The combination of the ongoing work in the lab and upcoming studies in the field together could lead to the technical ability to produce 10,000 barrels of algae biofuel per day by 2025. On the farm, researchers will work on understanding fundamental engineering parameters, including viscosity and flow, which cannot be easily replicated in the lab. This work will lead to understanding on how to scale the technology.

Using algae to produce next-generation biofuels holds some obvious benefits. Algae require carbon dioxide in order to grow. A 2012 study by ExxonMobil, SGI and the Massachusetts Institute of Technology shows that commercial-grade diesel refined from algae oils produces half as much greenhouse gas emissions over its lifecycle compared to petroleum products. As well as having lower emissions, algae don't stress global food or freshwater supplies. Algae can be grown using only saltwater. Traditional ethanol, by comparison, diverts food crops, such as corn, to energy production, and requires large volumes of fresh water. Finally, and most critically, the oils produced from algae can potentially be processed in conventional refineries, producing fuels no different from the gasoline or diesel consumers fill up with at the pump.

Farming Algae

Turning algae into fuel takes sun, water, CO₂ and lots of mixing

SUN
Sunlight drives photosynthesis, which is how the algae grow and make fat, which can be converted into biofuel.



PONDS
Algae are grown in shallow ponds where they grow and fatten on CO₂ and other nutrients. These large ponds are sometimes called raceways and can cultivate a new crop of algae every few weeks.

STIR
Consistent mixing is needed to help the algae grow optimally, so that there's maximum exposure to the sun. But, that can be energy intensive and this is an area where we think research can help.



HARVEST
The challenge is to efficiently harvest algae and then to extract the biofuel out for finishing. There are more than 100,000 different strains of algae. An acre of palm-oil trees will produce about 650 gallons of palm oil in one year, compared to more than 2,000 gallons of oil from algae.

Source: U.S. Department of Energy



There's a lot of science happening right in your backyard.

Next-generation biofuels made from algae. Carbon capture on a mass scale. High-efficiency engine lubricants. These are just a few of the technologies being developed right here in Jersey at ExxonMobil's Research and Engineering facilities. With over 400 labs and nearly 100 pilot plants on 800 acres in New Jersey, much of our research on reducing the world's emissions is a homegrown effort — and a great reason to feel some Jersey pride.

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HORROR HIGHLIGHT

NJ Emissions Inspections By-Pass Button

By: Debbie Hill

Do you own a Private Inspection Facility? Do you have NJ Emission Inspectors working at your facility? Or maybe you are an inspector yourself!

If so, don't ever click the By-Pass button!!

What happens when you click the By-Pass button? An alert is immediately sent to a monitored computer at NJMVC that the "By-Pass" was used at your location. This immediately begins a review of all inspections performed at your location. Did you use the By-Pass one time, or several times? In this case the "new" business owner used the By-Pass button 13 times over a two month period. Why would someone use the By-Pass button 13 times? I asked our member why he used the By-Pass button. He explained to me that he had just purchased the business a few months earlier. Previously, he only worked for one other shop as an inspector and he lacked the experience and knowledge that the By-Pass button was NOT to be used. He simply didn't know not to use it! He explained that he is both the NJ Emission Inspector and Licensed Emission Repair Technician at his business. He has both a Private Inspection Facility (PIF) and an Emission Repair Facility (ERF) license. Being newly licensed in both he was simply unaware of the rule not to use the By-Pass button.

After he used the By-Pass button 13 times, NJMVC came to his facility, and informed him that he was not supposed to use the By-Pass button. NJMVC had him sign a written statement explaining why he had used the By-Pass button. He confirmed in writing to NJMVC that he simply did not know that he was not allowed to use it. NJMVC said they would perform an investigation and get back to him. After NJMVC left his location he called me for

help. I explained there was nothing that I could do to help him until he receives any proposed notices of suspension and civil penalties. Several months passed and NJMVC returned to his location and shut him down. They also confiscated all of his stickers, his licenses, and then turned off his inspection equipment so that he could not perform any more inspections. He received a certified letter from NJMVC, and forwarded it to me. New Jersey Motor Vehicle Commission proposed a permanent revocation of his license and fine of more than \$33,000. I immediately requested a hearing for him in Trenton.

Just a week later we went to Trenton to meet with the hearing officer. After a lengthy and heated discussion of the matter, and trying to negotiate the terms of the suspension and penalty, we simply could not come to agreeable terms with NJMVC. NJMVC had offered to reduce the suspension of his license to three years, and also reduce the penalty to \$8,000. Both myself and our member believed this was still an unjust penalty! Our member was sticking to the fact that "he simply did not know he was not to use the By-Pass button" and did not intentionally break the rules. Since I have seen a number of these cases over the past 11 years, I was able to dig back in my records for a similar case. In fact, I found one that was very similar. In that past case, our member had used the By-Pass button erroneously many more times than was used in this current case. In the previous case just similar to this one, a permanent revocation of the license was proposed and a fine was issued for over \$100,000. Similarly, our member then was also unaware that he should not use the By-Pass button. I negotiated a far more favorable outcome in the previous and more egregious case than was being offered now.

Since presently we could not come to acceptable and reasonable terms with the hearing officer we chose to decline the offer and take the case to the Office of Administrative Law Judge. I had never been to the Office of the Administrative Law Judge in these matters and I knew that I had my work cut out for me. I gathered the required information that would be beneficial for fighting this case. I knew that I had to prepare a case against NJMVC demonstrating that they were being unfair and unjust. I did this by citing the previous case that I mentioned above. In addition, I included a list of all the errors NJMVC had made in their

procedures involving this matter. I referenced the PIF manual that states, "By-Passes could only be approved by NJDEP and must be performed at a specialized inspection facility." I needed to prove my point – why would Private Inspection Facilities even have the By-Pass option on their equipment if they are prohibited from using it? Why didn't the auditor who performed monthly audits point out the error when the audit was performed on the paperwork and inspection history? Since NJMVC is made aware the instant a By-Pass is used, why didn't NJMVC call him out and stop him immediately after the very first instance? Why did they wait until he performed so many? I had other evidence against NJMVC and was prepared to meet with the Deputy District Attorney for the hearing in Atlantic City, New Jersey. Before going, we asked did the state want to settle? They did offer a lesser penalty of 1 ½ years suspension, and a lower fine of \$3,000. Again, we did not take their offer, and we moved forward for the hearing with the Office of Administrative Law Judge.

In January, five months after our member lost his license to perform Emissions Inspections, we had our day in court. Immediately prior to the hearing with the Judge, NJMVC offered a new settlement. This time, we negotiated a far more fair and reasonable suspension and penalty. We agreed on a 10 month suspension and \$1,300 penalty. Although we were reluctant to accept thinking that we actually might do better once all of the information was laid out in front of the judge, we also knew that even if the Administrative Law Judge sided with us, it still might not be the end, as NJMVC still could appeal the decision. We accepted the offer and our member will now have his license back in July, since the time it was already suspended would be included in the 10 months. This is another example why membership in the New Jersey Gasoline, C-Store, Automotive Association is worth every penny!! Although we will never justify or defend actual fraud or wrongdoing, we fight until the end to help our honest members!!! If you or someone you know has a problem with NJMVC – please contact Debbie Hill.

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What Can NJGCA Do For YOU?



*Serving the Small Businesses that
Serve the Motorist*

Sooner or Later Everyone Needs NJGCA

By: Sal Risalvato

You may have noticed that we have included several NJGCA “advertisements” so to speak in this issue of On The Road. You may ask, “why advertise to those who are already members?” The reason for this is because every now and then it becomes abundantly clear that even members need to be reminded about how important it is to be invested in a strong trade association. Yes, membership in NJGCA is an investment. Yes, your membership helps to make us stronger in every regard, and without you NJGCA cannot exist. Often the purpose for NJGCA’s value is unforeseen until the reason is staring you in the face. I have always used the analogy of the freight train barreling towards the front door of your business to describe the situations in which business owners pick up the phone and call us. What I have learned in my tenure here is a fact; no matter how long you have been in this business, no matter how much you know about this business, and no matter how much experience you have, **sooner or later everyone needs NJGCA**. I have the stories to prove it.

Unfortunately, too often members may simply pass over their annual membership renewal and think about saving the cost (INVESTMENT) of their annual dues. Sometimes members with multiple locations feel as if they do not need to enroll all of their locations as members. Also unfortunate is that NJGCA can’t exist if everyone thought that way. Who would respond and put up a fight when out of nowhere bad public policy and laws are proposed that will burden your business? Who will be there to make sure that enforcement of infractions are treated fairly and justly? Who will be there to alert members when urgent matters pop up? Who will keep you from being a lone entity stranded on an island?

In 2014 we implemented the NJGCA Membership Fairness Doctrine to minimize those in the business who choose to not do their fair share and let “someone else” carry the ball (see page 30-31).

Recently, many former members began calling NJGCA seeking assistance with a threatened lawsuit because, unknown to them, they were selling illicit male sexual enhancement products in their stores. The products were virtually counterfeit Viagra. At first we all thought it was a hoax or a scam, it is not.

NJGCA has organized a group of dealers who have received these threats and is negotiating on their behalf. Current members simply sent us their documents, former members were required to pay ALL outstanding dues before we would lend any assistance. In several instances, former members were required to pay as many as 10 years of back dues. There were other who were required to pay five years.

We have welcomed all back to the NJGCA family to be a part of our deep tradition of serving those who serve the motorist. Sooner or later, everyone needs NJGCA! The NJGCA Membership Fairness Doctrine protects you. You should have the confidence that NJGCA will not assist others on your investment. Membership in a strong trade association is one of the best investments you can make.

Important Note: If you have received the Demand Letter from the Tauler Smith law firm, it is imperative that you protect yourself and contact NJGCA immediately. We have learned that many have decided to simply ignore the letter, please note that those who have done so in other states now have a legal judgement that has been filed against them for over \$100,000. NO, not a lawsuit...an actual judgement! If you know of anyone who has received the letter printed on the next page, please have them call NJGCA.

2/26/2018

VIA CERTIFIED MAIL



**Re: [REDACTED] Sale of Unlawful Male Enhancement Products Tauler Smith
LLP Case # [REDACTED]**

To Whom It May Concern:

We represent Outlaw Laboratory, LP ("Plaintiff"), a manufacturer, distributor and retailer of male enhancement products "TriSteel" and "TriSteel 8 hour." We have recently discovered that your company, Shell, is selling illegal sexual enhancement products, including but not limited to, Rhino 8 Platinum 8000 (the "Illicit Products").

- Enclosed as **EXHIBIT A** are photographs taken at your place of business capturing your sale of the Illicit Products.
- Enclosed as **EXHIBIT B** are notices from the Food and Drug Administration regarding the illegality of the Illicit Products.

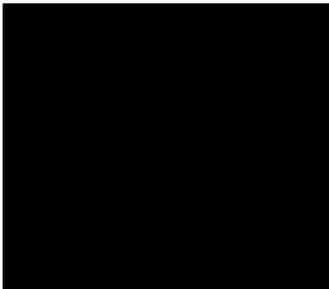
As you can see, the Illicit Products are illegal to sell and subject your company to legal action for racketeering and unfair business practices under RICO (Racketeer Influenced Corrupt Organizations) and the Federal Lanham Act. Accordingly, under these federal laws our client is entitled to:

- Your profits from the sale of the Illicit Products dating back four years. (15 U.S.C. § 1117)
- Attorney's fees. (18 U.S.C. § 1964)
- Punitive damages. (15 U.S.C. § 1117)
- Triple damages. (18 U.S.C. § 1964 & 15 U.S.C. § 1117)

We estimate that you are liable for over \$100,000 if we prosecute this matter to a jury trial. Although Plaintiff is entitled to the monetary remedies detailed above, it is willing to settle all claims in exchange for a one-time settlement agreement of **\$17,600.00**, and your agreement to stop selling the Illicit Products. This offer will double if we are forced to file a formal lawsuit, and the offer will be withdrawn if litigation exceeds one month in duration.

Please have your attorney contact our office no later than 3/12/2018. If this matter is not fully resolved before 3/28/2018 we file a lawsuit against your business, a draft of which we have attached as **EXHIBIT C**.

This letter is sent without prejudice to Plaintiff's rights and claims, all of which are expressly reserved. Please direct any communications regarding this matter to my attention and reference Case # [REDACTED]



and justice for all.

What is the NJGCA Membership Fairness Doctrine and why is it important?

What is the *Freeloader Syndrome*?

Many non-members call our office regularly asking for help, requesting information or seeking our expertise to get out of a jam with MVC, NJ DEP, or other enforcement agencies.

Gasoline retailers, convenience store and repair shop owners seek our help when they run afoul of environmental regulations, fair labor standards or consumer protection laws.

Here is how NJGCA will respond to non-member locations: "We are sorry, but you will first have to join NJGCA before we can offer assistance.

This is fair to NJGCA member locations who pay dues and support the Association. This is the NJGCA Membership Fairness Doctrine.

Every gas station, convenience store, and repair shop location that does not belong to NJGCA and does not pay annual dues like you do -- YET benefits from the efforts of NJGCA to influence public policy in Trenton -- is nothing more than a Freeloader. These locations are Freeloading off you, the dues-paying member!

There are some who have been in business for many years and still have chosen not to join NJGCA. Instead, they wait until they are in a jam before joining NJGCA. This is the *Freeloader Syndrome*. In order to stop the *Freeloader Syndrome*, locations will be required to pay a portion of the dues that were previously avoided, before any assistance is provided.

This is fair to NJGCA member locations who pay dues and support the Association. This is the NJGCA Membership Fairness Doctrine.

THE NJGCA MEMBERSHIP FAIRNESS DOCTRINE

1. ONLY NJGCA locations may receive assistance, information, or benefits. Locations that are not registered and do not pay dues are not eligible to receive assistance, information or benefits. This will apply even if the owner is a dues-paying member in another location.

2. Locations not maintaining dues in good standing must pay all delinquent dues (back to the date delinquency occurred) prior to receiving any assistance, information or benefits from NJGCA.

3. Locations that have never been members of NJGCA, must pay dues back to the date when ownership of the location began, prior to receiving any assistance, information or benefits from NJGCA.

****Note: Locations taking advantage of Right of First Refusal must pay dues back to:**

Exxon - 9/15/2008

Shell - 2/1/2009



NJGCA DINER TOUR 2018

COMING SOON TO A TOWN NEAR YOU!

One Attendee at Each Meeting will Win a \$50 Gift Card from NJGCA!

WHO: YOU!... And NJGCA Staff, Executive Director Sal Risalvato, and Valued Member Benefit Partners!

Bring your fellow small business owners to show them what NJGCA is all about!

WHAT: Breakfast meetings all around the State, sponsored by our Member Benefit Partners and **FREE for all attendees! PLUS, ONE MEMBER AT EACH MEETING WILL WIN \$50 FROM NJGCA!**

WHEN: 9:30 AM - 11:30 AM

[Monmouth/Middlesex](#)

Weds. May 16, 2018
Skylark Diner & Lounge
17 Wooding Avenue
Edison, NJ 08817
08234

[Bergen](#)

Weds. June 13, 2018
Suburban Diner
172 NJ-17
Paramus, NJ 07652

[Atlantic/Cape May/Ocean](#)

Weds. July 18, 2018
Shore Diner
6710 Tilton Road
Egg Harbor Township, NJ

WHY: We want to hear from our members!

DETAILS: Join us for a **FREE breakfast!** Hear an update from Sal and share your questions, concerns, and comments.

- Participate in roundtable discussions with NJGCA staff and fellow business owners about issues and events important to your business!

- Meet Member Benefit Partners and learn how to save money and take full advantage of your NJGCA Benefits.

Please RSVP with an email to michelle@njgca.org or call 732-256-9646. We look forward to seeing you!



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That Serve the Motorist



Save TODAY with NJGCA Member Benefit Partners!

THE NJGCA MEMBER BENEFIT PARTNER PROGRAM

NJGCA has been working hard to bring you and your business value through our Member Benefit Partners (MBPs). Hopefully, you are already taking advantage of many money-saving plans offered by our Member Benefit Partners. Our 2018 Member Benefit Partner Brochure should have recently arrived and this year we introduced four new Member Benefit Partners. They are listed in blue and marked with asterisks below. We are excited about the great opportunities that you have to save money with these partners!

Here is a list of our current MBPs:

ABLE-TECH - Computers, Financial Management, Video Security Systems

****ACCESS ONE**** - ATM Services

AFFINITY FEDERAL CREDIT UNION - Business Banking Services, Financing, Mortgages

ALFA-TRONICS - Pump & Tank Monitoring Services, Dispenser Security Specialists

AMATO INSURANCE AGENCY - Business, Garage Liability, Home and Auto Insurance

AMERITRUST - Workers Compensation Insurance (formerly Meadowbrook Insurance Group)

ASSOCIATION MASTER TRUST (AMT) - Health Coverage

ATS ENVIRONMENTAL SERVICES - Tank & Vapor Testing, NJDEP Compliance

AUTOPART INTERNATIONAL - Premium Parts Supplier

AUTOMOTIVE TRAINING INSTITUTE (ATI) - Education for a More Profitable Business

BELLOMO FUELS - Gasoline and Diesel Supplier
BRENNAN LAW - Environmental, Petroleum and Real Estate Law Specialists

CBIZ INSURANCE - Business, Garage Liability, Home and Auto Insurance

C-3 TECHNOLOGIES - Tank and Vapor Testing, NJDEP Compliance

****CHIESA SHAHINIAN & GIANTOMASI PC**** - Legal Services

COLE, SCHOTZ, MEISEL, FORMAN & LEONARD - Legal Services

CONSUMERS OIL CORP. - Gasoline and Diesel Supplier

CROMPCO - Tank & Vapor Testing, NJDEP Compliance

DANA TANK INSURANCE SPECIALISTS - Underground Storage Tank Insurance

ENERGY MARKETING PARTNERS, INC. - Gasoline and Diesel Supplier

ENVIRONMENTAL ALLIANCE, INC. - Environmental Remediation & LSRP Services

GILL ENERGY - Gasoline and Diesel Supplier

HAROLD LEVINSON ASSOCIATES - Convenience Store Distributor

HOUGH PETROLEUM - Gasoline, Diesel, Motor Oil & Lubricants Supplier

LAW OFFICES OF KENNETH L. BAUM - Legal Services

LENDING CAPITAL - Commercial Financing

LIBERTY / EWING OIL - Gasoline and Diesel Suppliers

LISKO ENVIRONMENTAL - Environmental Remediation & LSRP Services

MARC LAW - Legal Services

MERCHANT PRO EXPRESS - Credit Card Processing & Consulting

MITCHELL1 - Shop Management System, OEM Information

P.F.I. INC. / NORTHWEST PETROLEUM - Gasoline and Diesel Supplier

PALISADES FUEL - Gasoline and Diesel Supplier

****PASHMAN STEIN WALDER HAYDEN**** - Legal Services

PEAK ENVIRONMENTAL - Environmental Remediation & LSRP Services

PEAPACK GLADSTONE BANK - Full Service Commercial Banking

PPC LUBRICANTS/CASTROL OIL - Motor Oil and Lubricant Supplier

PRESTIGE ENVIRONMENTAL - Environmental Remediation & LSRP Services

QUICK & FRESH - Convenience Store Distributor

****SAFETY-KLEEN**** - Motor Oil and Lubricant Supplier & Environmental Solutions

****SALOMONE BROTHERS, INC**** - Tank and Pump Replacement, Compliance Testing

SERVICE STATION VENDING EQUIPMENT - Service Station Vending, Air & Vacuum Systems

SIMPAY - Payroll and ATM Services

SPARK CONTRACTORS - Tank and Pump Replacement & Generator Installation & Service

TMP ENERGY SOLUTIONS - Discounted Electricity and Natural Gas

TRINITY SOLAR - Solar and Generator Power

UNIFIRST - Uniform Service and Station Supplies



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