



ON THE ROAD

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What NJGCA Members Say

As a member of this organization in 1979, I learned that I would never know what was going on in the "gas station" business without the periodic bulletin that showed up in my mailbox every month. I wouldn't know what government was up to - good or bad, and more importantly at that time (or so I thought) I wouldn't know what the major oil companies were up to--and that was all bad. I also wouldn't have known what you, my peers and competitors at the time, were up to.

Besides receiving my monthly bulletin, I attended dinner meetings EVERY month with other members to receive an in-person update from association leaders and even industry experts in auto repair, including representatives from the Department of Motor Vehicles. I also enjoyed friendly collegial banter with competitors, some were friends, while others certainly were not. There were always 50 or more members that attended these meetings, and 100% of us owned a gas station with gas pumps and repair bays.

Fast forward 40 years and the purpose of our association is pretty much the same. Members rely on us for information that they might otherwise never learn without us, even though the world we live in is loaded with many information resources. Many more resources are available through the internet and email, but NJGCA filters less important information and alerts you to what is truly important. Information is also delivered at a much faster pace, almost in real time.

Although our involvement in governmental affairs has gained importance, thankfully NJGCA is needed less in dealings with the major oil companies. Yes we still have occasional flare-ups that need to be addressed, but for the most part supplier issues have lessened. This is the case mostly because so many dealers own the dirt that their business occupies. This is certainly a result of NJGCA efforts to effectuate good public policy by passing the Right of First Refusal law in 2009.

NJGCA plays the same role as your advocate in Trenton and Washington D.C. Today government is much more active in meddling in your business, and it is more important today than it was in 1978 for NJGCA to be your advocate. Besides being an advocate to effectuate good public policy and laws, or all too often to block bad laws, NJGCA needs to act as an advocate to intervene on your behalf with countless government enforcement agencies. No matter how much information we send, an extraordinary number of members run afoul of the law and find themselves needing our guidance to navigate the treacherous waters of fines and penalties.

Recently I asked the staff to construct a survey that would ask you, a loyal NJGCA member exactly what is important to you. What are the things that we put so much effort and resources into that are important? Obviously not all members have the exact same interest so I expected a wide variety of responses. I was pleased that so many NJGCA members took the time to complete the survey. Results of the survey confirmed several things that were not surprising to me. The results also showed some results that were a bit of a surprise.

I'll discuss the results that confirmed exactly what I expected. The most satisfying to me of course is the affirmation by our members that the work we do and the effort we make in Trenton as lobbyists to keep a watchful eye on lawmakers is very important to all of you. I have always said since I walked through the NJGCA front door that the most important reason for NJGCA to exist is to lobby in Trenton. Everything else we do, although important and useful, can be done by you individually...BUT lobbying in Trenton is something that most individuals are not knowledgeable about, and more importantly, one voice is not nearly as loud as the many voices that are heard when NJGCA speaks for you.

Sometimes I feel as if the information that we make such an effort to send on a timely basis is ignored. This is because so often members call the office and ask questions, or worse ask for help getting out of a jam that would have been avoided if they had paid attention to information that had already been sent. I feel as if I am always asking "didn't you read the email we sent on?" Survey results show that the information that we send; the weekly Road Warrior email, and the quarterly mailed On the Road newsletter, along with the urgent Wildfire Alerts are important to members and indicate that we should continue making the effort to send them all. We will keep sending them all!

I was pleasantly surprised to learn from the survey results that our MBP program is so important to each of you. That is satisfying since I like to brag about how hard it is for any vendor or service provider to participate in the program. We really try hard to screen participants and deny participation to more vendors than we accept. It is always hard to gauge member participation or satisfaction in the programs that we provide. Yes we have tried to have a satisfaction survey of the vendors in the MBP program, but getting the surveys completed by you is a job in itself. That is why I was so pleased with the number of members who completed this current survey. Yes we will continue the MBP program.

I was pleased with the importance to members of our website and of our efforts to provide informational

webinars. The results were about what I expected and indicate that we should continue making the effort to maintain an informative website and also to find interesting topics to discuss in upcoming webinars.

I was extremely surprised at how important it is for NJGCA to assist members with enforcement problems with state agencies such as NJDEP or NJ Weights and Measures. The reason I was surprised is because not all of our members find themselves in trouble and require our assistance. I guess when I say "sooner or later everyone needs NJGCA" it is very true. Even our most careful and experienced members find themselves in trouble for a mistake or an oversight. We are all human and that is to be expected, but I was very surprised how important NJGCA has become as a security blanket so to speak, just in case a mistake is made and we are needed to rescue a member from a serious problem. This is a good opportunity to remind everyone that we are only good when the mistakes that we are defending are actually mistakes. Intentional wrongdoing is not only indefensible, but takes away our credibility to assist those with truly honest errors. I promise we will continue assisting those members who run in to troubled waters. Debbie Hill, who is expert at dealing with the myriad of people in various agencies, is ready to assist.

Also important seems to be for NJGCA to continue providing classes for MVC inspectors and emissions repair. Not surprising is that this is not very important to those members who operate convenience stores. Since our membership is equally divided among repair shops and convenience stores, we will continue to offer these classes.

I guess if there is a major disappointment that I found from this survey, it would be that only about half of you find it important to attend an event that might be social in nature. We included several different types of events such as golf outings or wine tastings, including events that can be attended with your spouse, and found that only half of you thought this was important. I keep thinking of the benefit of the collegiality that was formed 40 years ago when I attended those monthly dinner meetings. I know it was beneficial to break bread with my colleagues and competitors. I still think it is, so I will just have to find a way to get you all as enthusiastic as I about attending such an event.

In response to the question "are there any additional services that you would like NJGCA to provide" I wish to thank all of you who encouraged us to simply keep doing what we are doing, and expressing appreciation. I told the staff not to be surprised by the number of members that would reply to this question by stating "pass self-serve!" Of course we continue to work on that issue and wish to point out that this comment falls under the affirmation at the beginning of this article that NJGCA advocacy in government affairs is very important to our members. I expect we will continue to provide what you are asking for. Thanks to all of you who provided the feedback to the survey that was sent.



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Hello Everyone!



My name is Joe Ocello, and I am happy to formally introduce myself as NJGCA's new board president. The other board members and I are looking forward to working with you all to make NJGCA a strong and united coalition in the State of New Jersey.

In 1947, my father started his gasoline and auto repair business in Kearny after coming home from WWII. Needless to say, I grew up in the business. In 1974, I bought my father's business at the age of 20, and by 1984 I sold the station in Kearny and moved to Ocean County. Although I operated multiple gas stations along with a towing business; my passion has always been automotive repair. Along the way I achieved my ASE Master Tech certification, sat on the council with both Mobil and Sunoco, served as an OJT trainer for Sunoco and a have been a long time board member with NJGCA. Two of my sons now run the daily operations of our facilities which enable me to devote more time and energy to NJGCA.

My goal, along with the staff of NJGCA and the other board members is to build a stronger and closer relationship with you; our members and future members. The independent gas, convenience store, and auto repair facilities of New Jersey are entering a new era and I am excited to be part of it. Please feel free to reach out to me at joe@njgca.org. I look forward to serving you and our industry.

NJGCA Board of Directors

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Vice President: Meer Fazaldin

Treasurer: Tim Arata

Secretary: Louis Papale

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Ebbie Ashabi

John Barbagiannis

Craig Copeland

Tony Crisalli

Meer Fazaldin

Kashmir Gill

Jesse Georgaklis

Dan Holsten

Norman Lippmann

Joe Ocello

Louis Papale

Roger Verma

**Congratulations to NJGCA's newly
re-elected board members!**

**Kashmir Gill
Craig Copeland
Lou Papale**



Legislative Roundup

Important Issues Affecting Your Business

By: Eric Blomgren

INSPECTION UPDATE

There still has been no official update from the Motor Vehicle Commission on the future of the motor vehicle inspection program. NJGCA continues to advocate that the State should scrap the current structure of the program and follow the lead of all other large states and require that all emissions inspections be conducted at private shops. In addition to boosting small businesses, it would save the State over \$35 million per year, at a time of huge structural budget issues and high tax rates. However such a change would mildly increase costs for motorists, which has given many pause. In testimony to the Budget Committees in May, the MVC Chair stated that she was hopeful that the new contract, and with it the details of the program, would be published by the end of May, though as of the end of June it still has not been revealed. It is expected that the next generation of the inspection contract will be largely similar to the current program.

MOTORIST RIGHTS AWARENESS

In June the Assembly Consumer Affairs Committee passed A-5225 with NJGCA's support. This bill would require car manufacturers to send every new car customer a notice informing the customer of their rights under the Magnuson-Moss Warranty Protection Act, a federal law which prohibits manufacturers from voiding a consumer's warranty simply because that customer went to an independent shop or used aftermarket parts. Too many consumers are unaware of their rights under this law, and there have been multiple cases of manufacturers making misleading, slanted, or in some cases explicitly wrong statements. The bill also passed the Senate Commerce Committee back in February, and now needs to be passed by the full Assembly and Senate. The car manufacturers are putting up a strong fight against this legislation, we are hopeful it will be passed and sent to the Governor before the current legislative session expires in January.

\$15 MINIMUM WAGE

On July 1st the minimum wage increased to \$10 an hour for all businesses with more than five employees. If the business owner is on the payroll, then they count as one employee. Businesses with five or fewer employees can continue to pay a minimum of \$8.85 an hour. If you need to increase the salary of any employee, please make sure that you order your payroll company to increase the wage, they will not increase it without your express permission. Make sure also that they are paid the new appropriate overtime rate, if applicable. The rate for all businesses will increase on January 1st, to \$11 for most employers and \$10.30 for those with five and fewer.

VAPING AND TOBACCO CHANGES

In June both houses of the Legislature passed, and Governor Murphy signed a bill which changes the structure of the tax on vaping fluid, but only for certain types of products. The primary change for convenience stores is that as of November 1st only dedicated and licensed vape stores will be able to sell bottled vape fluid. Vape fluid sold in cartridges, like Juul, Vuse, Logic, and similar products can continue to be sold with no change in policy or tax structure. The large bottles, typically sold by the ounce or larger, will instead be taxed at a rate of 10% of the retail sale prices, with the tax collected and remitted by the vape shops. Original versions of this legislation would have required all vape products be taxed at the retail point of sale, meaning retailers would have to collect and remit this tax in addition to the sales tax to the State, adding a compliance burden for c-stores. This compromise legislation ensures that the type of vaping products that make up the overwhelming majority of sales in the vape category will have their taxes continue to be paid at the wholesale level.

In June the Assembly Health Committee passed a bill which would ban retailers from accepting any form of coupon or rebate in connection with the sale of tobacco or vaping products. After passing the Health Committee, it has now been referred to the Assembly Appropriations Committee. The FDA is apparently still planning to go forward with their proposal to ban retailers like c-stores and gas stations from selling any form of flavored vaping product (except tobacco and menthol flavors). The final details have not been determined, but it is expected that it will go into effect sometime in the fall, likely with a short window for retailers to get in compliance.

WAGE THEFT PENALTIES

NJGCA continues to work with a growing coalition of employer organizations seeking amendments to a bill that would significantly and unfairly increase the penalties for any violation of the state's wage and hour laws, including complicated new requirements like paid sick leave. While recent amendments addressed some of our concerns, overall they have made the bill worse. In addition to treating good faith violations of the law the same as knowing and willful violations, the language now would send to prison any employer who commits three violations of the law. The problem is that the language can be interpreted to say if the employer made the three mistakes over three pay periods, or once for three different employees, then they can be convicted of a third degree crime "from which the presumption of non-imprisonment shall not apply," effectively meaning mandatory prison time, a penalty more severe than if an

employer without a criminal record were to break into the employee's house and steal the money directly. Unfortunately, the bill narrowly passed the Assembly, 41-26-7 and the Senate 22-12 on the last voting session before legislators went on summer break. It now sits on Governor Murphy's desk, he is expected to sign it in the near future.

MARIJUANA LEGALIZATION

In May the Legislature scheduled a vote to legalize the sale and use of marijuana/cannabis for recreational purposes. Just before the scheduled vote, the bill was pulled from the agenda when it became clear that there were not enough votes in the state Senate to pass the legislation. Instead, the issue will be placed on the ballot for a vote by the public alongside the November 2020 presidential election. A poll earlier this year showed the public in support of legalization by a strong 62%-32% majority. The Governor and Legislature did come to an agreement on a significant expansion of the state's medical marijuana law. While the original medical marijuana bill was passed ten years ago, under Gov. Christie access to the program was extremely limited and few were able to partake. This new law will dramatically increase the number of patients purchasing and consuming cannabis products, in part by expanding the conditions for which it can be prescribed to include conditions like migraines and anxiety. The new law prohibits an employer from firing or not hiring an employee simply because they are registered as a cannabis patient. If an employer uses drug testing and an applicant or employee tests positive for cannabis, they must be given the opportunity to prove (within three days) that they have a medical need. An employer may still prohibit employees from using cannabis during work hours or possessing it on the premises of the workplace. It is advised that employers have a written policy prohibiting this, and that the policy specifically refer to "intoxicating substances" and/or cannabis since if it simply prohibits "illegal drugs" it will not be effective.

CBD PRODUCTS

A new category of product is exploding onto the marketplace—cannabidiol (CBD). Decades ago, hemp was made illegal by the federal government because it is biologically similar to marijuana, but with the very important distinction that it has no THC, the chemical that actually makes someone intoxicated. As part of the 2018 Farm Bill, Congress and the President finally legalized hemp and products made from hemp. The marketplace has been quick to respond, and various types of stores across the country are selling a wide variety of CBD products, including oils and food products. Users of the products have claimed that they have positive effects in helping with conditions ranging from anxiety to nausea to arthritis, not just for humans but also for pets. The FDA has been slower to respond, leading to confusion throughout the marketplace over these products. In theory, the FDA needs to give approval in order for at least some of these products to be sold, and it has been slow to do so. Many retailers

are selling them anyway, and rarely has any authority taken action against them. The FDA only regulates non-food items (like lotions) if they make a claim for some therapeutic benefit, so if a CBD product does not explicitly claim it will help with an ailment, it can be legally sold. The FDA has claimed that CBD cannot be added to food without express regulatory action, which so far it has not done. There is hope that the growing pressure from both the marketplace and from Congress will force the FDA to act soon to allow the sale of food products with CBD. New Jersey's Legislature is not planning to wait. In June it unanimously passed A-5322, sponsored by Asm. Burzichelli (D-Gloucester). It explicitly legalizes the sale and use of cosmetics, personal care products, and food products with CBD. That legalization goes into effect when the bill is signed into law by Governor Murphy.

FY 2020 STATE BUDGET

All through the spring, the big debate in Trenton was whether or not there would be another State shutdown as a result of fighting between Governor Murphy and the Legislature, despite the fact that they are all Democrats. Gov. Murphy's chief demand was to increase the marginal tax rate on income between \$1 million and \$5 million per year, from the current rate of 8.97% to 10.75% (from the fifth highest rate in the nation to the third). With a strong economy producing healthy revenues, legislative leaders put their foot down and said they would not be voting on any tax increases this year. In June they passed a \$38.7 billion budget. While the Governor and his allies on the left tried to pressure legislators into supporting him, ultimately, they chose to support their leaders and not raise any taxes. They also dropped a Murphy proposal to require every business with more than 50 employees on Medicaid to pay the State a \$150 fee per employee. In that form, it would not have had a major impact on most businesses, however, it was modeled on a Massachusetts law that applied to employers with more than five employees and forced them to pay up to \$750 per year per employee. One of the Governor's cabinet officials testified in April that they expected the rates would be increased in the future. Ultimately the plan was never even introduced. On June 30, the Governor signed the budget but used his authority to line item veto many expenditures passed by the legislature.

BELOW COST SELLING

In April New Jersey Appellate Court ruled against Speedway, determining that their lawsuit challenging the constitutionality of the state's ban on below cost selling of motor fuel deserved to be thrown out. NJGCA and the Fuel Merchants Association of New Jersey filed an amicus brief supporting the State in its defense of the law, and in the Court's lengthy ruling they frequently cited the fact that on several occasions over the last few decades the status of the law was considered by the Legislature, and each time they decided not to change the law. NJGCA and FMA have long worked with the Legislature to ensure that they did not weaken or repeal this important protection for independent retailers. Speedway has

now decided to appeal this ruling to the state Supreme Court.

PLASTIC BANS

At the end of June, the Legislature recessed for the summer with no action on their proposed bill to ban various types of plastics. The nature of the proposal continues to change. Right now the sponsors are supporting a ban on plastic bags and also a ban on paper bags (the original bill would have required a fee on paper bags). Plastic straws would only be available if a customer specifically requests one from a store employee, although stores would not be required to keep straws on hand (the store could also provide non-plastic straws, alternatives are continuing to be refined as demand increases around the world). Polystyrene (Styrofoam) containers and cups would also be banned. In the interim more and more local governments are passing their own ordinances, creating a fractured marketplace with different requirements from town to town. One benefit of a statewide bill is that it would create the same regulations across the entire state. It is expected a solution will be arrived at during the lame-duck session of the Legislature in December and January next year.

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The Battle Over Access to Telematics: Didn't We Fight This War Before?

By: Aaron Lowe

*This article, authored by Aaron Lowe, was originally published by Aftermarket Business World on January 30, 2018 and can be found at <https://www.searchautoparts.com/aftermarket-business>
Aaron Lowe is Senior Vice President of Regulatory and Government Affairs at the Autocare Association in Bethesda MD.*



Back in the late 1980s, the automotive aftermarket lobbied Congress for an amendment to provisions in the 1990 Clean Air Act Amendments that required all 1996 and later vehicles be equipped with on-board diagnostic systems (OBD) II.

The provision in question mandated that the OBD II system was supposed to accurately identify a “emissions-related system deterioration or malfunction which could cause or result in failure of the vehicle to comply with emission standards.” The devices further had to alert the vehicle owner to the need for emission related components or system maintenance or repair.

Notwithstanding the benefits of OBD II systems to clean air and to technicians attempting to diagnose and repair a vehicle’s emissions system, the aftermarket was concerned that car companies would use proprietary OBD ports. The absence of port standardization, the aftermarket told Congress, would create, at best, increased costs to shops that would need to obtain a variety of connectors for every brand of vehicle they serviced; or at worst, a way for car companies to control access to the port in order to drive business to their preferred service provider (likely the new car dealer or those that purchased the most replacement parts from them).

Fortunately, the industry’s lobbying efforts were successful, and Congress included a provision in the 1990 Amendments that required that the OBD II port to be “standard and uniform on all motor vehicles” and that access to the OBD II system is unrestricted and “shall not require any access code or any device which is only available from a vehicle manufacturer.” Decades later, it’s easy to forget the efforts that were

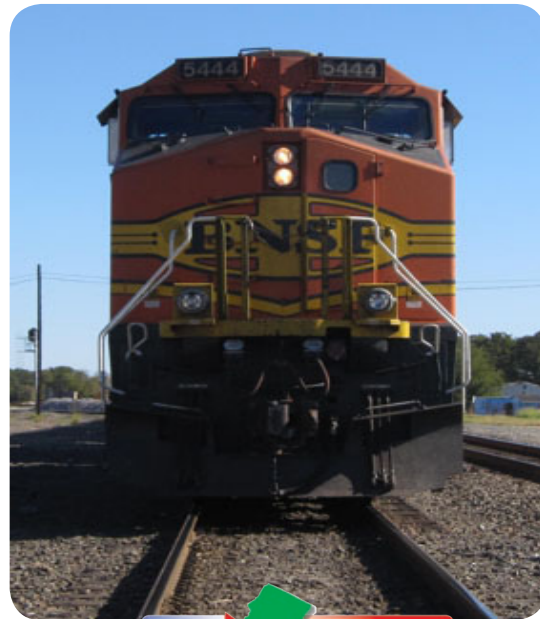
necessary to obtain a standardized diagnostic connector or to think about the impact on the competitiveness of the industry had Congress not acted. Now, with the advent of telematics, which permits the wireless transmission of diagnostic information, the industry once again stands on the precipice of either a rosy future or possibly one controlled by the vehicle manufacturer. While the manufacturers can obtain diagnostic information wirelessly directly from the vehicle, the aftermarket continues to rely on the OBD II port for the same data.

But what happens if Congress permits the port to go away; or if manufacturers limit the port to only the emissions related information that is required by current law? The independent technician would be forced to fully rely on the vehicle manufacturer to obtain the information needed to service their customer’s vehicle. The aftermarket would be back in the same position we were in during the debate in the 1980s over a standardized OBD II port: Less competition and increased control by the manufacturer over the repair market.

Whether it’s the OBD port or if the information is transmitted wirelessly, the technician needs access to that data directly from the vehicle and that access needs to be standardized such that each vehicle manufacturer cannot make the diagnostic data available in a proprietary code. Of course, the advent of wireless communications has increased the danger of someone hacking into a vehicle, but that does not mean that methods cannot be developed that would protect critical vehicle systems while still making data available.

It was with this in mind, that the Auto Care Association and other industry groups have been working to develop the Secure Vehicle Interface (SVI). Not too simplify the solution too much, the SVI would build a “wall” around the critical vehicle systems, providing a gateway where standardized data can flow to independents or anyone else who the motorists deems worthy of their data.

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Even more exciting about the SVI is that it could be developed as a retrofit for vehicles that are already on the road, thus addressing the cyber vulnerabilities in the current fleet now on the road. This is an important opportunity for the industry, but one that will require a great deal of work in order to become a reality.

High on the list of "to dos" is obtaining support from the vehicle manufacturers to develop an industry standard for SVI such that it could be uniformly adopted by all of the car companies. This is being done through the Society for Automotive Engineers (SAE).

SAE is the source of a great many standards used by vehicle manufacturers and is currently developing measures that manufacturers could employ to address cyber vulnerabilities for the OBD II port. Yet, SAE, and the car companies that would need to participate in the development of the standard, appear uninterested in SVI. Yet SVI would not only provide cyber protections for data wirelessly transmitted for telematics systems, but the entire vehicle system including the OBD II port.

Whether it's through SVI or another solution, manufacturers must address the need for car owners to control the data transmitted by their vehicles; and for technicians to obtain and use the data in order to provide affordable repairs for their customers. As the right to repair battle demonstrated, car owners want choice on where they have their car repaired. They also want choices on what services are available for them to use.

Working together with vehicle manufacturers we can develop solutions like SVI that will address data access control issues in a secure fashion. Unfortunately, the manufacturers appear to be leaning toward creating the monopoly they did not achieve through OBD II. This would not be good for consumers or the aftermarket and likely in the long run for the manufacturers either. Hopefully, this situation can be avoided without another legislative battle, but time is running out.

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Customer Service Corner

By: Bill Rosenberg

Deliver What You Promised



One of my favorite things is to take real-life experiences in customer service that are totally outside our “normal” view and relate them directly to the automotive business. I just think it enforces and reinforces our perception of what

concerned customer service ought to look like. We all have them every day. Every time you interact with the many people and business serving YOU, you are forming an opinion. Many go unnoticed; but form them you do! The exceptional ones, good or bad, are the ones that jog your consciousness. Unfortunately, the average “good” interaction doesn’t attract your attention. I say “unfortunately” because we really ought to take a moment and say thank you to those, who like us, are out there doing their jobs, and apparently doing them well.

On to my story. Some of you may already know that I’m an old retired guy that spent my career in the automotive supply business and that I happen to now live in Florida. While I do enjoy the beautiful weather (and lack of snow), I still have a special place in my heart for New York. Now, living in Florida takes some adjustments. How about getting 25,000 miles on a set of tires, when I was used to getting 50,000 or more and being told “That’s good?” Really? We also have a challenge when it comes to air conditioning. Not only in our vehicles but in our homes, which is where I’m going for my example. I think the ending is going to surprise you.

Our home air conditioning runs 24/7 for pretty much 360 days a year. I think the heat came on for a single 5 day stretch this year. Our homes in the development where I live are now approaching 10 years old. The central air conditioning systems that were installed by the developer were seriously troublesome. All of us in our 690-home community have had multiple coils and assorted

other parts replaced as well as a few total system replacements. After the problems started becoming obvious, the original owners were offered an option to extend the warranties on the existing units to 10 years’ parts and labor both inside and outside the house. Everyone took them up on the offer. Not wanting to go past the warranty with the old piece of #!2&%, everyone is going through the process of replacing their A/C systems.

Let me start the comparison to our industry here. Just like people have many choices of cars and trucks to drive (and for varying reasons), there are many choices in air conditioning units. We all have customers that buy new cars every 2 or 3 years and those that drive them to the bone yard. They all have their reasons, and some of them are not focused around money. While we are talking about big ticket items here, I suggest that you carry this lesson over to your entire customer base.

Back to the story. Me, being who I am, start my research. I talk to neighbors who have already had their units replaced. I go look at their installations. I listen to why they chose which brand and why they chose their installation company. Then I took all that information and did some on-line research of the various brands I was considering. In the final analysis, I called in 4 installers to assess my needs and make their recommendations. (I’ll have to write a blog on the different “sales techniques.” You wouldn’t believe the different approaches).

The first lesson I learned, and I’m only going to cover it briefly here is LISTEN TO YOUR CUSTOMER!!!! The higher the ticket, the more important for you to make sure you understand their needs. DO NOT MAKE ANY ASSUMPTIONS!!!! You may have seen these symptoms a thousand times before. This one may be different and it could be the difference between securing the job or filling the customers’ needs as they see them.

I listened to those four presentations. Three out of the four knew their stuff but couldn’t “read”

their customer. Everyone I interviewed had a great deal of technical knowledge and I slowly built my own confidence in the brand of air conditioner and specific options I wanted and what I was willing to pay for them. The fourth guy, who got the job, happened to be the service company I had been using to service that #12&% old unit. All things being equal, as far as pricing and brand choices, ultimately, I made the choice based on the quality of the service technicians that had made all those frequent visits to my home over the last 10 years. PLEASE PAY ATTENTION TO WHAT I JUST SAID. It had nothing to do with the company except that they hired great techs and did what they said they would over and over again. (This is going to become important in a minute).

One of the things that had been pointed out by all the sales reps was that the return vent to the air handler which was 20 x 37 on the inside of the house was feeding the air conditioner on the other side of the wall through a 20 x 20 opening thus starving the unit from a full flow of air. (Like I said it was a #12&% unit.) Everyone was going to offer a bigger "box" to get more air flow. The salesman from the company I chose said to me that he was going to give me a bigger metal box as opposed to the other guys who were going to build it out of wood, which he felt was the wrong thing to do seeing as how it was going to "live" in my humid garage. It wouldn't be the full 37" long but it would be somewhere in between therefore giving me a vastly improved air flow.

Pay attention now! Installation day comes. The tech rolls up to my house with a truckload of equipment and my air conditioner. I go out and begin a conversation with a really pleasant guy, let's call him "Marvin", and I ask to go over the part numbers of the units he has on the truck so I know from the beginning that I'm getting what I'm paying for. I'm looking around for the "big box" that was promised and all I see is one the size of the old one. I question Marvin. He explains that the box he has is what was loaded on the truck for the job and suggests I call the sales guy before he starts. I do. I have a semi-unpleasant conversation with the sales guy in which he claims I misunderstood what he said and I tell him that I understood perfectly and since I had gotten the same recommendation for a larger box

from every sales guy before him, I was certain that both my wife and I did not misunderstand. I had a decision to make. Since my present air conditioner was still working, I wasn't in an urgent situation. Do I tell him to forget the whole thing and go to another company? Normally I would say YES, but, remember, I liked the service from that company and the tech that was here was being really understanding about it. So, we go into the dance where he tells me that larger box is worth a couple hundred dollars more and I tell him to deliver the larger box at the original price he quoted me, send Marvin back to do the installation OR forget the deal. Net result is Marvin is doing the installation today, it's not costing me any more AND, after an apologetic call from the company sales manager, I have a full size metal box that is customized to the exact size for my house.

It's been a long story, but the really important points being made here are:

Deliver what you promised or you may lose the customer.

It is not always price.

The technicians are the ones who saved the job for that company. (*that's all of you reading this*)

My message to all of you out there is to really listen to your customer. Make sure before you start that you are both on the same page. Deliver everything you promised (and maybe an unexpected bonus or nicety for the customer). It's right, and they pay your salary!

Bill Rosenberg has spent most of his life in the automotive industry. His father had a gas station and parts house in Monticello, NY in the 1940's. He began as a salesman in the mid 70's for an autoparts distributor. In 1983 he joined BWP Distributors, a CARQUEST member and rose through the ranks to become Sales Manager, Vice President of Sales & Marketing and eventually Sr. VP. During this time he also served on several CARQUEST national committees, one of which was Training. Bill has authored and delivered customized training to thousands of aftermarket personnel including a major program addressing Quality Customer Service. He continues to collaborate with EAST Training and still writes and consults on issues of training and customer service.

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Dealing With NJDEP

By Alicyn B. Craig, Esq.



As you may have now heard or even experienced, the Murphy administration has pledged that New Jersey will take steps to ensure that its residents live in a clean and healthy environment. As a result,

the New Jersey Department of Environmental Protection (“NJDEP”) has been cracking down -- by making more impromptu site visits, issuing more Notices of Violation (“NOV”), and imposing more penalties as a result. So, what can you do to prevent and/or minimize the potential ramifications of a NJDEP site visit? Here are some suggestions:

(1) Compliance, compliance, compliance.

The best approach towards the avoidance of any enforcement action is that tried and true method of compliance. Keep a calendar that tracks deadlines. Meet those deadlines. Keep accurate records organized in your office. Follow the rules. Create inspection checklists. Maintain those checklists to ensure the tasks are being completed. If you can't do it, hire someone. Train your employees on the importance of compliance. Make compliance the expectation. Assume that a NJDEP inspector will show up unexpected everyday - because, from what I am hearing, they just might. An ounce of prevention is worth a pound of cure.

(2) Know your rights.

Sometimes a NJDEP inspector will call you in advance. More times than not, however, they

show up unannounced to see the conditions “as they are,” removing any possibility for a quick fix. Be advised that they are authorized by law to immediately enter a facility to conduct an inspection and/or to enforce environmental laws and regulations. If you refuse to allow them to do so, you may be facing some pretty stiff penalties and an angry inspector who returns with a search warrant and law enforcement.

So, let them in. Be polite. Feel free to ask questions about their name and contact information. Ask what the scope of the inspection is and how they will conduct it. Ask if you can have your lawyer present during the inspection. They will likely say no but they may say yes. Only answer the questions they ask you – don't volunteer information. Provide the records they request (see #1 above). Stay with them during the inspection. Take pictures as needed. Take your own notes. The inspector is authorized by law to take samples so ask for the results. Ask the inspector for a copy of her final report.

(3) Results of the Inspection.

Hopefully, you complied with step one above and no violations were found. Congratulations. Keep doing what you're doing. You can stop reading now. If, however, a violation was found, the inspector may issue an enforcement action right then and there or send you one later.

(4) Addressing Violations.

If a violation is found, and that violation is minor, the inspector will likely issue a NOV. A NOV typically lists the date of the violation, the violation found and a compliance due date. They do not carry penalties but

non-compliance will serve as a basis for an additional, more severe enforcement action. They typically allow for 30 to 60 days for compliance. If a non-minor violation is found, the NJDEP may require an Administrative Consent Order, with or without penalties, file a lawsuit against you, or make a criminal referral to the Attorney General's Office. At this point, if you haven't done so already, contact a lawyer to discuss the best possible resolution that impacts your business (and income) the least. Perhaps you're not liable because the issue occurred before your ownership at the Property. Or, your responsibility should be abated because you have made all efforts to comply in good faith but someone else's conduct caused the violation. A lawyer will help you sort through all of these issues, decide which can be used to mitigate any NJDEP assessments, and then negotiate with the NJDEP directly towards either dismissal of the violation or a reduced "penalty."

Alicyn B. Craig, Esq., is a partner with the law firm of McCusker, Anselmi, Rosen & Carvelli, has been representing gasoline distributors and service station owners and operators for nearly two decades, from environmental contamination, to employment, to franchise-related issues.

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HORROR HIGHLIGHT

The Importance of Establishing Partnership Agreements

By: Debbie Hill

Are you in business with another person?

Do You Have A Partnership Agreement?



My brother and I purchased a closed and boarded up gas station in 1983. Under the recommendation of our parents we put the business in our parents' names. We did this because our parents had a close family friend that owned a restaurant that was in their son's name, and unfortunately, their son got divorced, and the ex-wife got half of the family business! My parents didn't want to see that happen to either of us, so we did what they suggested and put the deed to the property, and the business in their names. Over the

next few years – shares of the business were distributed in our names. Our dad died in 1989, and the deed to the property became the sole ownership of our mom. At our annual meetings with the attorney, shares of the business continued being transferred into my brother's and my names. Eventually the business was completely in the names of my brother and I. The property remained in our mom's name until she passed in 2008. At the time of her passing, we had to pay an estate tax on something that we actually purchased, but that is another story.

What is so important about a partnership between a brother and sister? Or any partnership between two brothers, two sisters, father and son, or even two friends? Agreements...that is what is important!

It's a Partnership – the partners talk about and make business decisions together. Deciding on the best way to run their business. Job responsibilities are split, and you come to agreements and terms for wages. You decide together how to grow your business, and market it. Together you decide how to use net gains, and/or cover losses. It's a partnership and you work together deciding for your future.

My brother and I even talked about what would happen if something happened to one of us. How would we would want our share of the business to be handled for our spouses and children? We purchased life insurance on each other, and we talked about how we wanted the life insurance to work should one of us die. We agreed the life insurance money would be paid to the surviving partner; so that person would have the money to buy out the other's spouse. We played this out in our minds and talked about it for years, and we agreed on the fairness of our discussions and how we wanted it all to play out if something happened.

Although we discussed it with each other, and seemed to agree in our minds conceptually how things would play out in the event of an unfortunate demise of one or the other, we



NEVER reduced our discussions or thoughts in to writing. We agreed verbally, but never signed a contract. This one simple step would have eliminated a lot of problems years later. But we never expected we would ever need to put in place the things we had discussed and had verbally agreed to.

Then something did happen...my dear brother was diagnosed with cancer that had spread through his body. He was fighting for his life! Suddenly all of those talks became real! With real life comes emotions that neither of us could fathom. Emotions of what would happen.... what would happen to his family? How would they survive without him? What would happen to the business? Nothing was in writing!

We knew we had to meet with an attorney and finally put to paper an agreement in writing of what we discussed and decided on years earlier. The intensity of getting it done was not easy. The circumstances to get the agreement done had now changed under the conditions we were in, making it both difficult and DIFFERENT. We were not on an even playing field any longer. My brother wanted to make sure his family was taken care of... and I had to help him find peace and serenity and show him his family would be taken care of.... yet do the same for my family. Such a difficult time!

We spent hours and hours getting it all done and going back and forth. We brought in accountants, and lawyers. It took almost

two years to finalize and sign off on a partnership agreement. We included our spouses, as they had to sign an agreement of understanding too. Ultimately the final partnership agreement was different then the discussions that my brother and I had years earlier. We were after all in a different place.

We were in a horrible situation. The emotion of knowing that my brother was dying, and my desire for him to pass in peace and with the comfort of knowing that his wife and children would be taken care of properly, outweighed some of the fairness in our final agreement. I offered and accepted changes to preserve the peace I desired for my brother.



Sadly the cancer consumed my brother's body and he lost his battle to the cancer on October 3, 2018. He left behind a loving wife, three daughters (two of them married) and three grandchildren. He passed just six weeks after we finally signed off on the partnership agreement. After he passed, I put the partnership agreement aside for the first few months, and continued to pay my brother and his family their entire wages, health insurance and car expenses, etc., as if he were still here. My brother's wife and I met with the attorneys to finalize the buyout, and she brought in a lawyer to represent her interests. I chose to represent myself. Her lawyer questioned every detail of the partnership agreement

and made it difficult to finalize the transaction. Not to drag things out and cause more pain to each of us and waste thousands of dollars on legal fees I simply agreed to some of her lawyers requests so we could come to an end.

Finally TEN months after my brother passed, we signed off on everything, and expect to complete the transaction soon.

I am thankful that we had finally put a partnership agreement in writing, with clear directions on how the surviving business partner would proceed, and how the surviving spouse would be paid. If we didn't have the agreement, I am sure that the difficulties after my brother passed would have been far greater. The partnership agreement covered the appraised value of the business, the site remediation, estate taxes, the buyout amount, how all money would be handled and disbursed, the terms of any mortgages held by the surviving spouse, who the death benefit insurance money would go to, and how it would be incorporated into the agreement. Every detail was included and thought out and put in writing. Yet even though we thought that no one could question the integrity of the decisions my business partner (my brother) and I had made, a lawyer for his spouse still made it difficult and demanded more. In the end I simply accepted it, to put it all behind me.

When we are faced with accepting something we don't want to accept, it makes it so difficult and uncomfortable. We question everyone, everything, and every detail. The only way to have it more secured is to have the "well thought" out plan of action in writing before you find yourself in the difficult situation. Even with it in writing, the stress of carrying on and meeting family obligations can become overbearing. **Having the thoughts and expectations that my brother and I had shared years earlier in a legal agreement back then, would have resulted in completely different expectations when we were in a stressful and emotional**

circumstance.

Having gone through this personally, I thought it was vitally important to bring it to our member's attention. **If you are in any type of partnership in your business; you must have a partnership agreement in writing.** You can purchase life insurance on each other, and include that in your 'buy/sell' agreement, or partnership agreement on how the business would be handled should one of you become disabled, or deceased. **Don't wait!** – We had a lock down agreement and it was still difficult, scrutinized by an outside attorney, and still changed. Every detail of a thirty three page document was reviewed, questioned, and deliberated and still changed.

It was uncomfortable to accomplish the details of the partnership agreement under the circumstances we were faced with. **I am convinced that had we reduced our thoughts to a contract years earlier, the knowledge of this, and the expectations that both of our families would have had through the years, would have prevented the emotional stress that was added during this difficult time.**

If you are in a partnership in your business – Please – don't wait – talk to your business partner(s) and get yourselves to an attorney and **put your plan in writing!**



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Importance of Proper Due Diligence

By: Daniela Pava, Environmental Alliance, Inc.



If you are a sharp business owner or investor, you recognize that blindly entering a deal involving real estate without assessing the risks associated with the property is never a good idea. The federal law “Comprehensive,

Environmental Response, Compensation and Liability Act” (CERCLA), and the NJ state law “New Jersey Spill Compensation and Control Act” (Spill Act), can allow for property owners to be potentially liable for cleaning up a contaminated property even if they are not directly responsible for the contamination. As a result, individuals and business entities engaging in a property’s sale or leasehold agreement, benefit from establishing an environmental baseline of the property to identify any existing contamination and minimize liability for previous or future spills. In the world of real estate transactions, environmental due diligence typically involves one (or a combination) of the following three types of site assessments:

Phase I Environmental Site Assessment (Phase I ESA / Phase I): A written report that aims to identify potential recognized environmental conditions based on the current and historical use of the property and surrounding properties within a certain radius. While a site inspection is part of the Phase I process, it’s important to know that a Phase I does NOT include any type of sampling. A Phase I provides “innocent landowner, bona fide prospective purchaser, and contiguous

property owner” protection under CERCLA liability for cleanup obligations. Most banks will require a Phase I for commercial real estate transactions and refinances. The Phase I Assessment should be prepared by an experienced professional and in accordance with specific standards (ASTM International Standard Practice for Environmental Site Assessments - ASTM Practice E 1527-13).

Preliminary Assessment (PA): Similar to a Phase I, but conducted specifically for properties in the state of New Jersey. The PA aims to identify potential contaminated areas of concern at a property. The major difference between a Phase I and a PA is that the PA does not assess surrounding properties. A PA provides “innocent purchaser” protection from future clean-up obligations under NJ’s Spill Act. Therefore, an investor who wants to qualify as an innocent purchaser under NJ’s Spill Act as well as under CERCLA, should complete a combined Phase I and PA Report.



In the case of properties with obvious environmental risks / red flags, such as with gas stations and auto repair facilities, sometimes a Phase I is not enough to gain full “innocent owner” protections. A Phase II Site Assessment / Investigation that includes a Ground Penetrating Radar Survey (GPR) is necessary to properly assess the perceived

risk and gain the desired regulatory liability protection. It is especially important to complete the GPR at a gas station or auto repair shop to identify any potential orphan /abandoned Underground Storage Tanks (USTs).

Phase II Environmental Site Assessment / Site Investigation (Phase II ESA / SI):

Completed when a Phase I and/or PA indicates reason to believe that there could be contamination associated with the property. The process involves sampling of soil, groundwater, and/or soil vapor, and the goal is to determine the presence/absence of on-site contamination. If contamination is confirmed, the next step would be for the property owner to engage a Licensed Site Remediation Professional (LSRP). The LSRP's role is to oversee the delineation of any environmental impacts and remediation of the site by the environmental consultant, and be the liaison between the person responsible for the cleanup and the New Jersey Department of Environmental Protection (NJDEP).

Some investors choose to skip the Phase I Assessment stage, and start their due diligence with a Phase II when the subject property has obvious potential sources of contamination (i.e., underground storage tanks or waste oil tanks or). While this may appear to be a more straightforward and cost-effective approach, there are two reasons why it is still recommended to begin the process with a Phase I. First, you would not qualify for the liability protection under the laws previously mentioned unless a Phase I / PA is completed. Second, there could be a gap of information regarding the property's historical uses. A Phase I dives into the full history of a property, and indicates if it had historical uses other than service station operations which might also pose an environmental concern. The Phase I helps to determine the scope of work for a Phase II, and determine what potential contaminants of concern should be analyzed. The best way to protect yourself, your assets, and investments from future liabilities is to complete a Phase I and to follow up with a Phase II Investigation.

If you have any questions at all, our team is available to address your concerns and walk you through the process. We have been

completing environmental assessments and site investigations for more than 25 years and we would be happy to help you! Alliance is a proud NJGCA Member Benefit Partner.

Daniela Pava is an account manager at Environmental Alliance, Inc., an environmental consulting company specializing in environmental due diligence, remediation, and consulting. She is the primary point of contact for all New Jersey clients. She is also a member of NJGCA's Young Professionals Group.



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DAY 1 Agenda: 7:00 AM (Donuts & Coffee and Pizza & Soda provided for lunch break), NJMVC Test at 1:30 PM, Hands-On Training PowerPoint at 3 PM

DAY 2 Agenda: 12:30 PM begin hands-on training on location provided in Information Sheet (see "How to Register" below)

OPTIONAL DAY 3 (call the office to schedule): Diesel hands-on training

Class Fees: Members = \$479, Non-Members = \$529

How to Register:

1. Read and sign Information Sheet and Registration Page (found at <http://www.njgca.org/njgca-calendar/>). Return forms to Debbie Hill via scan (debbie@njgca.org) or fax (732-256-9666)
2. Submit a large and clear copy of your drivers license

****PLUS** License Fee of \$50.00, check made payable to NJMVC**

NJ Drivers License Required with registration

If out-of-State, 6 Points of ID Required

*****DO NOT wait until the last minute! Completed registrations must be sent six days prior to the class date!*****

Margin v. Volume: The Age Old Question

By: Jesse Georgaklis



In the service station business, one of the most important questions we ask ourselves every day is: “what should my price be today?” A lot of factors have to be considered, but the most important one is: should I focus on margin or volume. In my experience, most station owners are focused on keeping their volume flowing, even if it means cutting their

margin to the bone, many times to the point of selling gas at what amounts to a loss once you start factoring in what you’re paying for labor, credit card fees, mortgage/rent/property taxes, utilities, etc.

Why is that? I think it’s because too many dealers are still living like it’s the 1980’s, when Big Oil was an everyday factor in your business constantly trying to get you to move as many gallons as possible so they could fatten their own bottom line. While following this trend, we as dealers are just stripping ourselves and the market in our area of the profits that are available to us each day.

My advice is this: **you’re not in business to sell gas, you’re in business to make money!** There aren’t any winners in a price war. If that guy down the road wants to run a non-profit, let him. You never know, eventually they’ll realize you’re not following them off that cliff and they’ll start increasing their own margin a little bit too. But it has to start somewhere. While we are all in business separately, why is it necessary for us in the gas business to shrink the margin of profit for the area around us? With a little change and some patience, the numbers below will show that selling for money and not volume will make your business profitable.

Here’s some basic round numbers showing how increasing your margin can work:

Gallons	100,000	75,000	50,000	33,000
Margin	\$0.10	\$0.15	\$0.25	\$0.40

Gross Profit	\$10,000	\$11,250	\$12,500	\$13,200
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Increasing your margin by just 5¢ a gallon could mean losing up to a quarter of your sales—and making more money. Hypothetically, you could even go from a 10¢ margin to a 40¢ margin, lose over two-thirds of your sales, and still come out way ahead based on the extra money you’re making on those remaining gallons.

I get it. Losing a quarter or more of your sales could be a scary scenario. A friend of mine tried this exact strategy at three locations over the course of the last year. Here’s the actual results of his experiment from the average month.

	2017	2018	Change
Site 1			
Gallons	195,803	181,595	-7.26%
Avg. Margin	13.3¢	17.62¢	+4.32¢ (+32%)
Gross Profit	\$26,041	\$31,997	+\$5,955 (+23%)
Site 2			
Gallons	188,997	174,063	-7.90%
Avg. Margin	19.72¢	27.68¢	+7.96¢ (+40%)
Gross Profit	\$37,270	\$48,181	+\$10,910 (+29%)
Site 3			
Gallons	214,249	193,324	-9.77%
Avg. Margin	22.33¢	31.91¢	+9.58¢ (+42%)
Gross Profit	\$47,842	\$61,690	+\$13,848 (+29%)

Increasing his margins by 4¢-10¢ a gallon did lead to a reduction in volume of 7%-10%, but more importantly it led to a significant increase in profit—between 23% and 29%. On the

minimum wage increase) and it equals a reduction in the wear and tear on your pumps and hoses.

The bottom line is if your competitors choose to monitor this over a period of time and decide to move forward with this trend, you will **both** see volume and profits increase. In a time when consumption is down and overhead is on the rise, we as business owners need to come together as a group and try a new way of doing things. I understand that change is hard, but as the industry changes, we need to change and adapt with it.

I recommend you give it a shot, even if it's just for a month, and see the results for yourself. Thinking outside the box can be challenging, but it can also be rewarding. Sometimes risks not only pay off, they pay off big...Give it a try! You may surprise yourself at just how well it can work out.

Jesse Georgaklis in an NJGCA Board Member and Manager of Pit Crew Lube in Brick, as well as a founding member of the NJGCA Young Professionals Group.

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Minimum Wage Increases: What You Need To Know

By: Michelle Horowitz

Governor Murphy signed off on gradually raising the minimum wage to \$15 per hour on February 2, 2019. The first increase to begin the transition went into effect July 1st, raising the new minimum wage in New Jersey to \$10 from \$8.85. Please note, if your business has less than six employees on payroll, this is considered a "small business" and minimum wage will increase at a different rate. If you are considered a "small business" your first wage increase will take place January 1, 2020 and will increase to \$10.30.

With other employment laws changing so recently, it is important that you:

- Make sure all of your minimum wage employees are now earning \$10 per hour. You must inform your payroll company to make this change if you have not done so already.
- Make sure all of your employees that are performing similar, if not the same work are being paid the same amount.
- If you have employees doing similar work that are paid differently, make sure you have a seniority system outlined which describes the system of awarding merit increases.
- You must pay employees for unauthorized work as well. That is, any work done that may have been completed outside of work hours (overtime). Employees in training must also be paid for training time. With the new \$10 minimum wage, overtime rates will increase to \$15 per hour.
- Make sure that if you deduct meal times, that your employee's are completely and fully relieved from work duties during this time. If employees work during meal times, it is compensable and subject to overtime.

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Warranty Woes

By: Joe Marconi

This article was originally published in Ratchet & Wrench in May 2019

<https://www.ratchetandwrench.com/articles/7929-warranty-woes>



“Your labor rate is too high. If you can’t negotiate your labor rate, I will have the car towed from your shop to another shop in your area that will do the

work at the labor rate we want to pay.”

Those were the words spoken to my service advisor a few weeks ago from a claims agent at an extended warranty company. The name of the company doesn’t matter. What does matter is what would you do when faced with this situation.

Here’s another scenario you’re probably familiar with: After diagnosing a failed steering rack, the customer informed us that she had an aftermarket warranty policy. She asked me if I could find out if the steering rack is covered. I said, “Sure, I will be happy to help. But, just to let you know, most of the extended warranty companies I deal with have their own labor and parts pricing policies, which may not be aligned with our pricing. So, whatever they don’t pay, you will be responsible for. Are you OK with this?” My customer said, “Absolutely. I understand. I appreciate anything you can do for me.”

I thought the hard part was over. What came next was bizarre. The insurance adjuster I spoke to authorized the repair, told me the labor dollars they will pay and then said, “OK, it looks like I have a used rack in a salvage yard in South Carolina. I can have that rack to you in two days.” I had to pinch myself to make sure I wasn’t in a weird dream. Used steering rack? Salvage yard? Is this guy for real?

I quickly shot back and said, “Let me ask you a few questions. First, where does it state in the contract that your company will supply a junk yard part for your insured? And why in the world would I remove an old worn-out steering rack from my customer’s car and put back an old used rack from a junked vehicle? Is that really in the best interest of the customer?”

The claims adjuster replied back, “Well, shops do it all the time.” I said, “I don’t think so, and I won’t do it either. Let me tell you how this is going to go. I am replacing the rack with a quality part, and I will make sure that my customer gets the best job possible. So, please give me the authorized amount and I will let the customer know what the balance is that your company will not pay.” He said, “You can’t do that.” I said,

“Yes, I can. My customer is already briefed on the situation.” He reluctantly gave me the authorization number along with the dollar amount. I relayed the story to the customer. My customer then called the insurance company and gave them hell. They did end up authorizing additional money for the part I installed.

Before we continue, I want to be fair and balanced. There are some extended warranty companies that try to offer their customers a peace-of-mind policy, and do pay a good portion of the repair. However, far too often, it’s a struggle to get an extended insurance company to agree to our labor and part prices.

Here’s the deal. If you’re like me, you have spent countless hours understanding the numbers of your business. You’ve also spent a great deal of time and effort to put the right people in place, develop the right pay plans and have created the systems to run an efficient business. You know the balance between being competitive and profitable. When you consider all this, we need to carefully consider how negotiating our prices will affect our bottom line.

I understand the reality too. Sometimes, you really need the work. You don’t want to lose the job. And settling for something is better than losing the job. I have been there. But the truth is that negotiating your prices, in the long run, will not only hurt you, but will also hurt our industry across the board.

By the way, my service advisor never did negotiate our labor rate. He simply told the agent, “Our labor rate is non-negotiable. Do you have any other questions?” The agent eventually backed down and paid us the job at our labor rate.

Be upfront with your customers. Clearly explain to them that their warranty policy may not cover the entire repair and come to an agreement with your customer before you call the warranty company. Lastly, make sure you know what it takes to earn a profit. Profit is needed to pay your expenses, put a little money aside for the future, pay your employees a decent wage and also pay yourself the salary you deserve. When you really analyze the bottom line and what’s really left over, do you really want to negotiate your prices?

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Will New Jersey See Another Gas Tax Increase in 2019?

By: Michelle Horowitz

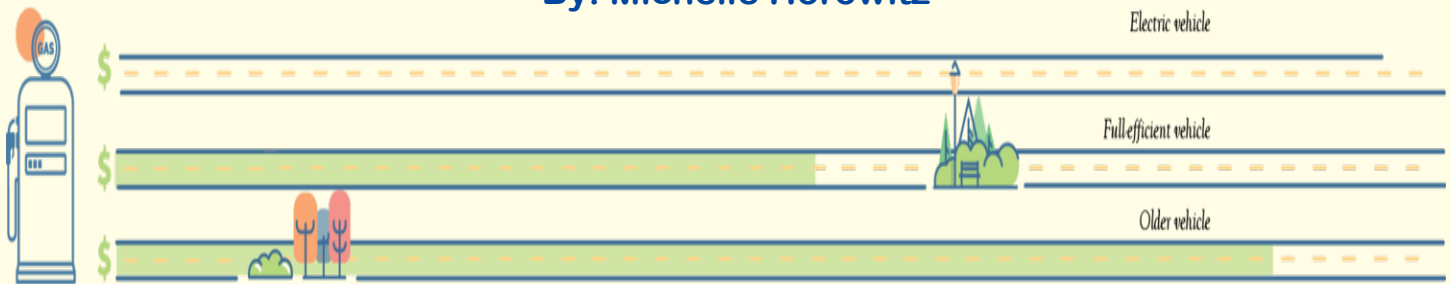


Image used from the I-95 Corridor Coalition MBUF Pilot: <https://www.i95coalitionmbuf.org/overview> (C) 2019.

This spring, rumors swirled around Trenton that due to underperforming tax collection projections, the governor would be looking to another possible increase in the gas tax to make up for the shortfall. This would be the third increase since 2016. Although State Treasurer Elizabeth Muoio stated that she was “cautiously optimistic” there would not be another increase; with the current make-up of the legislature, we should not be so quick to take this off the table. While the gas tax may be intended for useful purposes, evidence shows that the tax is not generating the revenue needed to fund projects that pertain to the safety of motorists; and there may be more lucrative policies worth exploring.

Every time you put gas in your tank, a portion of the purchase goes towards both federal and state gas taxes. The federal tax is 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel. The federal gas tax has not seen an increase since 1993, meaning the tax has not been adjusted to account for inflation and 2019 dollars. Money collected from the federal gas tax is meant to contribute to both federal and state transportation initiatives, such as highways, bridges, and mass transit through the Highway Trust Fund. However, as cars continue to become more fuel efficient and with an unadjusted tax, annual revenues have declined throughout the years due to less fuel tax collected. As states face crumbling infrastructure and increasing voter demand to fix transportation issues, many states have had to resort to raise their own gas taxes.

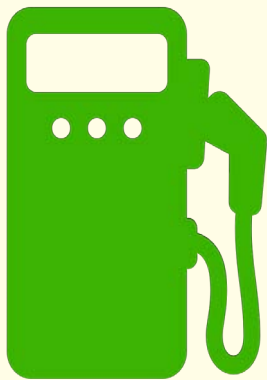
Since 2013, 28 states have raised their gas

taxes to reconcile lack of funding at the federal level. New Jersey first raised the gas tax 23¢ in 2016, then raised it another 4¢ in 2018, bringing the total state gas tax to 41.4¢ per gallon and total diesel tax to 48.5¢ per gallon, and helps to fund transportation projects for the New Jersey Transportation Trust Fund Authority. The TTFA helps to finance the Department of Transportation and NJ Transit. Should the tax be raised again, New Jersey could see prices comparable to New York’s. Though an increase to the tax is not budgeted for Fiscal Year 2020, a final decision will likely be made in August to determine whether the tax should rise again. Several other factors are making it difficult to determine with more certainty if another gas tax will go through in addition to watching revenues throughout the rest of the year. Gas consumption in the summer months play a role, though this summer’s consumption will help determine next year’s tax. Of course, the treasurer can also decide to raise the gas tax regardless of what the data shows, though with an election year looming, this seems unlikely.

Some believe there are other, less problematic solutions to fund our nation’s roads and highways without utilizing a gas tax. As can be evidenced throughout the entire country and New Jersey specifically, gas taxes may be considered both an unreliable and politically dicey method of collecting revenue. Some states and cities have looked to taxing ride sharing companies such as Uber and Lyft to generate revenue, especially in larger cities where many do not own vehicles as a possible solution. A vehicle mile tax (VMT)

or mileage-based user fees may be another answer. Despite the fact that Americans are driving more than they ever have, fuel consumption continues to decline over time due to an influx in fuel efficient and alternative fuel vehicles. The number of these vehicle owners will continue to increase as the car industry rolls out more affordable models and alternative fueling stations expand. A VMT may be a more reliable funding mechanism as it taxes miles traveled rather than gallons of gas purchased if motorists are at the pump less often and purchasing less gas.

In February, the Federal Highway Administration announced it awarded \$10.2 million in grants to five states (CA, MN, MO, NH, UT) and two state coalitions (DE & OR) to test new methods of funding highway and bridge projects for a possible nationwide scale-up pending the studies



success. The Delaware I-95 Corridor Coalition, which included stakeholders in New Jersey, received over \$3 million in grants to explore a VMT and address the requirements for implementation, multi-state success

throughout the East Coast, out-of-state mileage and toll facilities, and public acceptance. Study participants chose the method in which they would record their miles driven and received invoices showing how payments would be calculated with a VMT system. In the spring of 2019, the Coalition plans to significantly scale up the study and receive public feedback.

Time will tell if any or all of these alternative solutions are adopted, but one thing is for sure, continuously raising the gas tax is not providing the results New Jersey is looking for. While New Jersey was able to repair 24 bridges in poor condition in the past three years, the Federal Highway Administration reports that in 2018, 1 in 12 bridges in the state are still

considered to be in poor condition. This is an alarming statistic, the gas tax is intended to fix bridges and roads that are traveled on by motorists and their families every day, people who are paying at the pump in order to be able to safely travel these roads. Action must be taken to remedy this, though if the treasurer chooses to raise the gas tax yet again, it could be to the Administration's peril with an election on the horizon. Something to keep in mind the next time you run over a pothole.

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THE ENERGY EXAMINER

FROM TRADITIONAL RESOURCES TO ALTERNATIVE ENERGY INNOVATIONS

By Michelle Horowitz



Since our debut in 2007, NJGCA *On The Road* has brought you timely updates on changes in the energy and automotive industries. Today, each new issue of *On The Road* will bring you more update and information in our *Energy Examiner*. The *Energy Examiner* will offer readers news from around the energy/transportation industry and how it will affect your small business. If you have any questions or comments on what you review in these quarterly pieces, please feel free to reach out to NJGCA.

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UPDATE: ETHANOL / BIOFUELS / BIODIESEL E15 & RIN RULES FINALIZED; BIODIESEL TAX CREDITS EXTENDED

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In May of 2019, the EPA finalized E15 and RIN regulations, allowing the year-round sale of E15 blended gasoline. The final rule includes reforms to the RIN program, requiring public disclosure when RIN holdings exceed specified thresholds and collecting data to improve market transparency and enhance EPA oversight. E15, a gasoline blend made up of 15% ethanol, was originally banned during the summer months as it increases the potential for smog in the summertime heat. Though this ruling is a win for the agriculture industry, oil companies feel threatened as the ruling decreases the need for oil, and environmentalists worry about the increased chances of smog. As reported in previous issues of the OTR, there are additional concerns about the compatibility of E15 fuel with current underground storage tank designs as higher ethanol content may result in corrosion. The plus-side for vehicle owners is that E15 may increase engine efficiency, power and performance, and lower overall gas prices, though any vehicle built before 2001 will not be able to use E15 gasoline and cannot handle higher concentrations of ethanol, according to the EPA. Many auto manufacturers claim E15 should not be used in vehicles earlier than model year 2012.

In more good news to agriculture and farming industries, in April, legislation was introduced to extend biodiesel tax credits. The industry, which is currently navigating through several speedbumps including livestock illness (which limits demand for soybeans) the trade war with China, and Midwestern flooding.

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UPDATE: ELECTRICITY & ELECTRIC POWERED VEHICLES INFRASTRUCTURE & PUBLIC PERCEPTION ISSUES; TARIFFS ON TECHNOLOGY

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Despite the U.S. being a global leader (behind China) in the electric vehicle industry, there is still much work to be done before we can expect any large spike of these vehicles on the road. The major obstacles are those of which we have been reporting to you for several editions of this newsletter: infrastructure and public perception. A recent poll conducted in March by Morning Consult found that the top concerns include potential unavailability/distance to charging stations and high costs of owning EVs. According to the Office of Energy Efficiency and Renewable Energy, 80% of EV owners charge

vehicles at home. But this excludes those who live in homes without garages, or perhaps those who park in parking garages that do not come equipped with this technology. Additionally, plug-in charging station connections have not been standardized yet, meaning that as more of these vehicles hit the market, they will need to develop a universal plug in for widespread use for EV owners. New Jersey recently announced plans to address both the infrastructure and cost issues; first by announcing a partnership among state agencies to increase fast-charging infrastructure throughout the state, and a rebate program to help more consumers purchase these vehicles. Just a day later, the Murphy administration proposed \$16 million to fund deployment of electric garbage trucks, school buses, and port-related vehicles. This is all in addition to the plans laid out in the new Energy Master Plan draft, which more details are provided below.

In other international EV news, the Trump administration is doing what they can to make sure Chinese EV technology does not hit the U.S. any time soon, imposing trade tariffs on EV technology to allow the U.S. to develop their own. Though China is pouring billions into their EV industry and millions of EVs are already on the road in China, their exports have been modest. The U.S. has a long way to go in order to compete with these numbers, the reality is that most Americans buying new cars are opting for gasoline-fueled SUVs and pickups.

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UPDATE: NUCLEAR / WIND / SOLAR / GEOTHERMAL COST CHALLENGES; SOLAR & WIND EXPANDING; SUBSIDY FOR NUCLEAR POWER PLANTS

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It may seem like environmentally-conscious and green policies are dominating the news lately, especially with all the new initiatives New Jersey is planning. Yet despite this, nine environmental groups recently criticized Governor Murphy for his inaction on environmental campaign promises. Even when the Governor released his draft Energy Master Plan, several environmental groups critiqued his reluctance to completely halt fossil fuel projects. Additionally, Legislators are worried about the cost for these initiatives in a state that already has some of the highest electric costs in the nation.

Solar: Six Flags theme park in Jackson announced in June that their 40 acre solar farm is now fully operational, and is able to provide 98% of the park's energy. As new technologies emerge in the field, it will over time be able to fully power the park and return energy to the grid for widespread use. The Six Flags solar panels are now considered the largest net-metered solar project in the state.

Wind: Two wind energy companies have their eyes on South Jersey to begin exploring how wind energy can be incorporated in the state's energy plan. Ørsted U.S. Offshore Wind submitted a bid in December 2018 along with two other wind companies, to build the state's first offshore wind farm 15 miles off the coast of Atlantic City. In March, Ørsted announced a partnership with Rowan University to fund wind engineering research clinics for students. PSEG also signed an energy-management MOU with the company to be able to sell power from the potential wind farm. Another wind company, Atlantic Shores Offshore Wind LLC, a joint venture between EDF Renewable North America and Shell New Energies, submitted a bid in December and is also hoping to build wind turbines off the coast of Atlantic City. The New Jersey Board of Public Utilities (NJBPU) is expected to make a decision in late June. Meanwhile, the state is beginning an inventory process of determining port facilities that could manufacture, stage and assemble wind turbines, foundations, towers, and other parts necessary to grow New Jersey's wind industry. The state has so far determined 38 potential facilities, with more than \$200 million already invested to upgrade the port of Paulsboro.

Nuclear: In April, NJBPU approved of a \$300 million subsidy for PSEG's three nuclear power plants.

Nuclear opponents called the controversial decision “a nuclear bailout,” as the subsidies are ultimately being financed by business and residential ratepayers to the tune of an additional \$30-\$40 per year in electric bills. Unlike solar and wind energy, nuclear plants operate around the clock and are zero-emission and in New Jersey, the plants provide more than 90% of the state’s carbon-free energy.

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UPDATE: NATURAL GAS/PROPANE

IMPORTANCE OF INVESTMENTS IN INFRASTRUCTURE

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In the last edition of the OTR, I talked about how infrastructure is an issue when it comes to incorporating natural gas in the state’s energy grid. Infrastructure issues continue as NJDEP blocked a \$1 billion new natural gas pipeline which would cut through a portion of New Jersey. The company plans to resubmit proposals with solutions to problems cited by NJDEP. DEP’s Historic Preservation Office also delayed the PennEast pipeline project from moving forward by identifying nine properties in its path that could qualify for historic preservation.

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UPDATE: HYDROGEN/HYDROGEN FUEL CELLS

HYDROGEN POWERED VESSEL; MORE HYDROGEN POLICY ENCOURAGED

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San Francisco is “three to four” months away from launching the world’s first zero-emission hydrogen-powered commercial vessel. The ship is the first of three to be built and funded in part by a \$3 million grant from the California Air Resources Board (CARB).

The International Energy Agency (IEA) stated in its first major report on fuel that more should be done to promote hydrogen as an emissions-free source of energy. IEA recommended coordinated policies to allow for widespread use of hydrogen; including creating nerve centers, building on existing infrastructure, and support hydrogen research to fuel cars, trucks, and buses.

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UPDATE: HYBRIDS

HYBRID VEHICLES STILL SEEING SUCCESS

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Prius sales may be dropping, and Ford may be phasing out its Fusion hybrid model, but both companies are still seeing success in their hybrid vehicles. Automotive companies are shifting away from small sedans and investing more in SUVs and trucks due to popular demand. The Toyota RAV4 is now among Toyota’s top selling hybrids and Ford plans to roll out hybrid models of the Escape, Explorer, and F-150 pickups. Gas-electric hybrid vehicles continue to be less expensive than full electric vehicles, and are still expected to outpace full electric cars through the middle of the next decade.

UPDATE: FOSSIL FUELS AUTOMAKERS SEEK COMPROMISE

Seventeen of the world’s largest automakers are asking for some compromise between the state of California and the White House to create uniform greenhouse gas standards for cars. The Trump Administration intends to roll back rules for auto emissions, while California wants to enact its own stricter standards. Ford, General Motors, Toyota, Honda, and Volkswagen sent letters to both the Trump administration and California Governor Newsom, urging for a single nationwide standard, and emphasizing jobs at stake. Feuding between California and the White House could lead to legal battles resulting in the price of cars going up. At the moment, both California and the White House seem to be digging in rather than seeking compromise.

NEW ENERGY MASTER PLAN GOVERNOR RELEASES DRAFT PLAN

In early June, the Murphy Administration released its draft Energy Master Plan, which details how the state will move towards a 100% clean-energy economy and reduce greenhouse gas pollution in the next thirty years. The draft is a sharp U-turn from policies Governor Christie had put in place, which aimed to expand natural gas infrastructure and lower heating and electricity costs; though ensured New Jersey’s continued reliance on fossil fuels.

The Plan: Murphy’s draft plan will transition from reliance on gas and fossil fuels by increasing infrastructure for electrification; especially in the transportation sector, which data shows accounts for the most greenhouse gas emissions in New Jersey. Currently, only 5% of the state’s energy comes from renewable energy sources (namely, solar and wind) while natural gas heats 75% of homes and provides more than half of the state’s electricity. The governor has already committed to increase the state’s off-shore wind and solar use, and has pledged to move towards total carbon neutral energy sources. This notably means that nuclear energy use is still on the table.

The plan is over 100 pages long and talks about several initiatives to meet Governor Murphy’s clean energy goals. Because the plan is only a draft at this point I’ll hold off on in-depth analysis, though I did notice a few interesting initiatives in looking this over. One of the goals is to decrease vehicle miles traveled, though this could be a missed opportunity to gain revenue for other transportation projects and move away from a gas tax (see my article on page 32 for more on this). There is definitely a heavy reliance on moving to full electrification of vehicles, including public transportation and works vehicles, and increasing infrastructure. The report acknowledges this will take much convincing and education to the public.

Upon review of the plan, there are several critiques that are worth noting. First, that the governor does not calculate the cost of this transition away from fossil fuels and moving almost entirely to alternative energy. The plan is so ambitious, it must consider that the state is starting at literally “square one” and will need to make significant changes in order to meet these goals. Interestingly enough, there is even criticism coming from the environmental sector, as the report does not call for the total elimination of nuclear energy and some think does not go far enough to reduce fossil fuel usage.

Most media analyses noted that the current draft reverses several policies enacted by the Christie administration, which aimed to expand the natural gas and nuclear energy industries. Using this same logic, it is entirely possible that any subsequent governor could just as easily reverse or create policies that prolong these goals. In the meantime, the fact of the matter is that we should brace ourselves for impact, state mandates or no, to prepare for some major changes to the state’s energy sector.

Comments on the plan are due by September 16th 2019. ■



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Disruptions Coming To Your Business

By: Michelle Horowitz

Frictionless Payments

Amazon Go “cashless” stores will begin phasing in a way to accept cash after several states, including New Jersey, have either banned or are considering legislation to ban cashless stores. Amazon opened its first convenience store in NYC in May, which will immediately begin accepting cash, though other stores will roll this out on a longer timeline.

Meanwhile, convenience stores are looking to other methods of promoting frictionless checkouts. Several c-store chains are piloting Skip, a mobile self-checkout app to provide this service to customers. Other stores are adding self-checkout pods for customers who prefer using their card rather than a phone app, allowing cashiers more time to complete other tasks throughout the store.

In gas stations, a new service called PayByCar is being tested to allow drivers to pay for gas without ever leaving their car or downloading a new app. Users sign up via E-ZPass and purchases are charged directly to the payment method the customer selected when signing up for the service. The user simply pulls up to the pump at a participating location and receives a text message which turns on the pump and allows you to fill up and pay. So far this is only being piloted in Massachusetts, but more than 35 million customers use E-ZPass and PayByCar hopes this will be a springboard for other businesses throughout multiple states. The technology has the potential to be used in convenience stores, drive-thrus, restaurants, and car washes.

Drones

More store chains are experimenting with drones and robots to carry out simple tasks. The latest is a drone that scans shelves for missing or misplaced items, and they are coming to a grocery store near you. The question is, will this have an effect on hiring? Another industry utilizing this technology is fast food, with Uber announcing the first tests of a McDonalds food delivery drone for residents in San Diego. For now, the drone will deliver meals to the Uber Eats driver, who will then deliver the food to the customer.

However, Uber hopes to be able to land drones directly on top of parked vehicles close to delivery locations in the near future.

Autonomous Vehicles

GM is focused on developing an autonomous Chevrolet Bolt electric car with plans to release it first as a ride-hailing service by the end of 2019. They hope to compete with other ride-hailing services that are also piloting this technology, such as Uber, Waymo, and Tesla.

No, you are not seeing things with Tesla on that list. This spring, Tesla announced a “Robotaxi” plan for a self-driving, ride-sharing network that Elon Musk intends to be ready by the end of the year. Initially, the cars will require driver attention, but Musk expects the technology to be developed for full autonomy in 2020. The program will also allow Tesla owners to add their vehicles to the fleet to earn money, with Musk estimating that a Model 3 used as a robotaxi could generate \$30,000 gross profit per year. With a \$50,000 price tag on the vehicle itself, Musk sees this as a potential return on investment for Tesla owners. Tesla is planning to continually increase the cost to own an autonomous vehicle over time in an attempt to make its cars “appreciate assets.” This means, he hopes that Tesla vehicles will not only become returns on investments, but will be revenue-generating assets for their owners.

Barriers still remain for autonomous vehicles to become mainstream. First, as previously mentioned, public perception needs to improve, especially following several news reports of accidents and injuries resulting in faulty technology. Global data collected by the Capgemini Research Institute shows that worldwide, motorists are ready for the disruption of autonomous vehicles. Especially in China, where more than half of the respondents indicated as much. However, seven in ten Americans stated they do not want to go anywhere near autonomous vehicles, according to a study from the American Automobile Association. Additional barriers include infrastructure, cost, regulations, and technology.

Artificial Intelligence

Walmart continues to be a leader in disrupting business, this time with the inclusion of artificial intelligence to monitor products. This new technology is not so much a robot, but a high-resolution camera that hangs from the ceiling. It can determine minute details such as the ripeness of displayed produce and will send alerts to employees when they start to bruise. Sensors on shelves will also monitor the store in real time and alert employees when a restock is needed or other issues need addressing. Again, this is seen to be an aid to employees to free up time to perform other duties throughout the store. Walmart, along with other retail giants looking to technology to take businesses to the next level, are looking to better understand how technology affects customers and workers.



An Uber Elevate drone taking delivery to a customer

Source: Uber, Bloomberg. <https://www.bloomberg.com/news/articles/2019-06-12/uber-announces-plans-to-deliver-big-macs-by-drone-this-summer>



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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 2019 Member Benefit Partner Brochure should have arrived and can be viewed on our website, and this year we introduced 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

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

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

****AUTOZONE**** - Auto Parts Supplier

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

****BUYWISE AUTO PARTS**** - Auto Parts Supplier

****CASHA & CASHA LLC.**** - Legal Services

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

****DANA AUTOMOTIVE**** - Auto Parts Supplier

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

****HOROWITZ LAW GROUP**** - Legal Services
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

****LOEFFELS' WASTE OIL SERVICES**** - Waste Oil Removal

MARC LAW - Legal Services

MERCHANT PRO EXPRESS - Credit Card Processing & Consulting

MITCHELL1 - Shop Management System, OEM Information

****MURPHY BUSINESS**** - New Jersey Business Sales

****OIL DRI**** - Spill Containment and Shop Supplies

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

PALISADES FUEL - Gasoline and Diesel Supplier

PEAK ENVIRONMENTAL - Environmental Remediation & LSRP Services

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 Services

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

TMP ENERGY SOLUTIONS - Discounted Electricity and Natural Gas

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