



Monthly Bulletin

Chairman's Corner

The Eighth Inning Is No Time to Sit Out

We're in the final stretch of one of the most critical legislative efforts our association has taken on in years. We need to get SB 791, our DPC modernization bill, across the finish line.



This bill would give dealers the ability to recover just a fraction of the massive compliance costs we face in California, bringing long-overdue fairness to the outdated \$85 document processing cap. But make no mistake: this is one of the most brutal fights we've taken on at the Capitol. We're in the eighth inning, but we need to get this bill through the Assembly Appropriations Committee, the full Assembly floor, concurrence in the Senate, and then signed by the Governor.

We're close, but we can't do this without you.

Now is the time to activate your relationships with elected officials. When CNCDA sends out legislative alerts, make calls. Send letters. Reach out to your network. If you've already participated, thank you. If you haven't, now is the moment to step up. This is how we continue the momentum we built at Dealer Day.



If there's one massively important takeaway from this month's bulletin, please read the SB 791 DPC Update article from CNCDA staff below.

Lawmakers need to hear directly from their local dealers. They need to understand that supporting SB 791 is about helping small businesses that drive California's economy. Your dealerships create local jobs, invest in communities, and generate billions in tax revenue. Lawmakers need to know this bill will encourage economic growth for all. We've never been closer, and together we will get this done.

All my best,

Robb Hernandez,
Chairman, CNCDA
Camino Real Chevrolet

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SB 791 (Cortese) – Document Processing Charge (DPC) Update

By: Kenton Stanhope, Director of Government Affairs

CNCDA's top legislative priority this year is passing SB 791 (Cortese). SB 791 would eliminate the current document processing charge (DPC) at \$85 and replace it with a 1% charge of the total price of the vehicle. This would allow dealers to recoup all the costs they incur from performing car-buying processing services on behalf of the State and the consumer. Notably, SB 791 includes that the DPC be capped at \$350 for those purchasing a vehicle at a price point of \$35,000 or more.



On July 14, SB 791 passed out of the Assembly Transportation Committee (11-0). Now it is on to the Assembly Appropriations Committee. This will be the bill's most significant and final hurdle before a full vote of the Assembly.

Our advocacy efforts are working. **Your Assemblymember must hear from YOU, their constituent, on this issue.** If you sent a letter in our latest campaign, thank you! If you still need to take action, **please [click here](#) to send a quick letter.** Finally, if you have your Assemblymember's cell, please call or text and urge them to vote "Aye" on SB 791.

Lunch Fundraiser for CA Senator Caballero (SD-14)

By Andrea Daugherty, Political Engagement Manager

CNCDA always encourages growing relationships between dealers and elected officials as part of strengthening our member outreach and advocacy. One way to do that is by attending in-district events to get to know legislators on a personal level.

CNCDA is hosting a lunch fundraiser for Senator Anna Caballero (SD-14) on Friday, October 17, at noon at Oakhill Wine + Bistro (1440 E. Champlain Dr. #106, Fresno). If you have a dealership nearby, we hope you consider joining us!

Senator Caballero has been an advocate for businesses, and specifically car dealerships in her district. During her time in office, she has served in many capacities. Currently, she serves as Chair of the Senate Appropriations Committee as appointed by the Senate President Pro Tempore.

[Please email Andrea Daugherty if you're interested in:](#)

1. Attending, and/or
2. Contributing. The suggested amount is \$5,000. However, we appreciate all support within contribution limits.

Thank you for your consideration and participation!



VinFast's Pivot in California Shows the Value of the Franchise System

By: Anthony Bento, Chief Legal Officer



VinFast's short history in California demonstrates that manufacturers can successfully pivot from a direct-to-consumer model when they see the incredible value of the franchise system.

VinFast is a Vietnamese carmaker that launched in the U.S. in 2022 using a direct-to-consumer approach. Like many new entrants, it focused its initial distribution strategy in California, opening "VinFast Stores" in high-traffic shopping centers in areas like Santa Monica, San Mateo, San Diego, Commerce, Berkeley, and Corte Madera. These were company-owned locations, with formats ranging from showroom-only to full sales and service.

By late 2023, VinFast announced plans to transition to using franchisees throughout the U.S., but its strategy in California remained uncertain. Shortly after this announcement, VinFast officials and CNCDA began a dialogue. During our conversations with them, we emphasized how it would benefit California consumers and dealers for the company to fully transition to using franchisees in the state.

Earlier this year, VinFast informed us that it closed all of its direct-to-consumer stores in California and is in the process of working with new franchisees to open over half a dozen dealerships in California. And in June 2025, VinFast publicly announced that it had opened its first authorized California dealership—VinFast San Diego, operated by Sunroad Automotive Group.

In its announcement, VinFast highlighted the benefits of using franchisees, which allow it to leverage "the strong reputation, internal capabilities, robust infrastructure, and deep understanding of the local market held" by dealers. CNCDA looks forward to the opening of additional VinFast franchised dealerships throughout California.

VinFast's success in transitioning from a direct-to-consumer to a franchise model in California is a roadmap for other direct-to-consumer brands in the state. Californians benefit when manufacturers join with local business owners who are directly connected to their communities to sell and service motor vehicles.

Bureau of Automotive Repair Update

By: Les Swizer, Legal & Regulatory Affairs Counsel



UPDATE

The Bureau of Automotive Repair (BAR) held its quarterly Bureau Advisory Group Meeting on July 31, 2025. Below are the highlights.

- **Legislation and Regulation update:** BAR staff covered new bills and adopted regulations addressing smog check exemptions for older vehicles, battery standards, and towing disclosures, among others.
- BAR has been running a pilot test monitoring government fleet real-time OBDII data with the goal of potentially replacing biennial smog checks with this program.
 - View presentation [here](#).
- Staff covered the new **[tear down and towing disclosure requirements](#)**, including a very unclear approach to towing disclosures and accompanying invoices.
 - Notably, many attendees struggled to understand the new towing invoice requirements. There is still confusion over when and how to disclose and invoice towing charges. It seems BAR requires towing charges to be disclosed and invoiced separately from the repair order.
 - BAR has indicated there may be a workshop in the future to address some issues raised by attendees that staff had not considered.
- The Cal-VIS system, BAR's technology for Smog Checks and Vehicle Inspection programs, is getting upgraded in 2025.
 - View materials [here](#).
- BAR's discussion of **[Complaint Case Studies](#)** was of note as it involved a certified pre-owned vehicle being serviced at a dealership.
 - The key takeaway from the case study was that customer authorization is required for EVERY repair, even if it is a courtesy or free service.

You can view the recorded meeting and its accompanying materials [here](#).

If you have any questions or wish to discuss any of the above topics further, please do not hesitate to reach out to the CNCDA Legal Hotline at 916-441-2599.

“

CNCDA BUZZWORDS

“ Brian Maas, president of the California New Car Dealers Association, said in an email that some new manufacturer entrants such as Polestar and Vinfast have abandoned direct-to-consumer sales because the franchise system ‘has been proven in the marketplace as the best model for the sales and distribution of new vehicles, along with the warranty and recall repair of those vehicles by authorized franchise dealers.’ ”

- Brian Maas, “Alliance, NADA clash in ‘holy war’ over state franchise laws in Justice Department review”, *Automotive News*, 7/16/25

”

TEST DRIVE The New Internship Program from CNCDA Foundation

By: Kim McPhaul, CNCDA Foundation President



No More Guesswork. This 8-Week Internship Lets You See If the Aspiring Technician is a Fit

The CNCDA Foundation can help you find your next technician hire by recruiting and screening top college automotive students recommended by their instructors. Through an unpaid, 8-week internship (two days per week at your dealership), the student will gain hands-on experience working side-by-side with your trusted technician. At the same time, their instructor meets with the mentor to ensure positive progress. Students earn college credit for their participation, and the college provides workers' compensation coverage.

Questions? Contact Felicia Palombi by 8/31/25 for Fall Semester Interns at fpalombi@cncda.org or 916.441.2599.

Meet Felicia Palombi – What's Her Why?

"Growing up around the automotive industry, I naturally found myself taking on various roles in the dealership world. Over time, I landed in the service department as a Service Advisor, eventually becoming an Assistant Service Manager—and that's where I found my calling. It was in that fast-paced, team-driven environment where I honed my communication skills, embraced collaboration, and learned to think operationally. I realized quickly: my work didn't just affect my role—it impacted an entire network of people counting on me to perform at my best.

After the birth of my fourth child, I stepped away from the dealership, though not too far. For the next 20 years, I raised my family while staying close to industry, supporting dealers through finance and digital marketing services. I watched, with pride, as former coworkers, now lifelong friends, rose through the ranks to become service managers, sales managers, and dealer principals.

Today, I'm honored to continue that journey with the CNCDA Foundation as the Fund Development Manager. I work directly with dealers across California to help build the next generation of skilled auto technicians. Knowing I play a role in helping a young person find purpose, pursue education, and launch their career is truly rewarding—and it's why I do what I do."



Zero Cost, Zero Reimbursement – Not So Fast

By: Jordan Jankowski, Armatus

Zero-Cost Part Provision Concept

Manufacturers supplying warranty parts at zero cost or on an “exchange” basis is a practice that has been around for a long time. This practice, where manufacturers supply high-ticket parts to dealers at no cost, has become more common. These parts typically include high-ticket parts such as radios, navigation units, transmissions, engines, and EV batteries.



Retail Warranty Reimbursement

When it comes to these “exchange components,” manufacturers have historically only paid a handling allowance, which can range from approximately \$25 to \$450, depending on the part. However, there are currently 27 states, including California, that require manufacturers to compensate for ALL parts at a retail markup. The concept is simple: If a warranty part is provided at no cost, the manufacturer is still required to compensate the dealer at their retail markup based on the cost of the part as listed in the manufacturer’s price schedule. While certain parts may be supplied at no cost due to legitimate factors, there is a growing concern among dealers that many high-cost parts are being supplied at no cost solely to circumvent paying retail markup.

The Process

The realization of this reimbursement can be anything but simple, and unfortunately, the process is all over the board. Some manufacturers have procedures in place that allow the dealer to submit their claim and receive retail reimbursement easily. Many seem to have hardly any formal process in place, which often makes it difficult to obtain information on how to submit the warranty claim properly. Of course, this may be by design in many cases.

Reimbursement Example:

The image shows an example of a radio that a particular manufacturer supplies at no cost. The wholesale cost of this part is \$995, but the handling allowance is a measly \$25. Luckily, in California, you are entitled to your full retail markup on ALL parts. Meaning, a dealer with a markup of 80% would net \$771 in additional gross profit on this part alone. When you consider all exchange components, a dealer could be looking at many thousands per year in additional profit that could be put to good use, such as helping to pay and retain quality technicians.

Zero-Cost Part Example		
HANDLING FEE	UTILIZING ZERO-COST PARTS PROVISION	ADDITIONAL GROSS PROFIT
Cost of Part \$995	Cost of Part \$995	
Mark-Up 0%	Mark-Up 80%*	
	<small>*Avg. Parts Mark-Up Nationally</small>	
Part Sales Price \$0	Part Sales Price \$1,791	
Handling Allowance/ Gross Profit \$25	Handling Allowance/ Gross Profit \$796	\$771

The Bottom Line for California Dealers

The law is clear that you are entitled to retail reimbursement on exchange components. For some lucky dealers, their experience is that if they ask, their manufacturers may simply comply. In other cases, dealers have had to send in a letter on their letterhead or attorney letterhead; some that took this step have found success. Others have indicated that “it’s impossible”; in such cases, where you have exhausted all your practical resources, you will need to make a business decision as to whether to pursue your rights legally. While suing your manufacturer, or at least threatening to do so, is neither desirable nor preferable, there may be no alternative with respect to a manufacturer who is not complying with the law. But there’s clear evidence that some dealers are receiving retail reimbursement on many or all exchange components, with the possible exception of EV batteries, without resorting to litigation or the threat thereof.

While the process of securing fair reimbursement for zero-cost parts can be complex and varies widely depending on the manufacturer and state, by understanding your statutory rights and taking the necessary steps to request retail reimbursement, dealers can potentially significantly enhance their profitability and ensure they are compensated fairly for the parts they provide during warranty repairs.

Author Bio:

Jordan Jankowski is the Chief Operating Officer at Armatus Dealer Uplift. He has played a key role in consulting on 18 warranty reimbursement laws across the country and is widely considered a subject matter expert in this highly technical arena. Jordan manages a team of over 60 people who produce thousands of retail warranty reimbursement submissions each year.

The 5 Pillars of Cybersecurity Every Auto Dealer Should Know

By: **One Step Secure IT Services**

Cybersecurity isn't just an IT issue; it's a business issue. Auto dealerships store sensitive customer information, manage digital payment systems, rely on vendor portals, and increasingly use smart tech on-site. That makes them a growing target for cyber criminals.



So, how do you protect your dealership? Begin by understanding the five pillars of cybersecurity that every business leader should understand. These pillars are based on the National Institute of Standards and Technology's (NIST) Cybersecurity Framework, widely used across industries to build smarter, more resilient operations, according to NIST.

1. Identify– You can't protect what you don't know exists. Start by taking inventory:

- What systems and software do you use?
- Where is customer or financial data stored?
- Who has access to what?

According to Gartner, 60% of breaches start with unknown or unmanaged assets, like outdated apps or devices still connected to your network. That's why visibility is the first and most critical step in protecting your business.

2. Protect– Once you know your risks, safeguard your systems:

- Use strong passwords and enable Multi-Factor Authentication (MFA)
- Keep all software updated and patched
- Install security tools like firewalls and endpoint protection
- Train your team to spot phishing emails

According to a joint study by Stanford University and Tessian, a leader in cloud security, human error is responsible for over 90% of cyber incidents. Don't underestimate the importance of regular training. Your employees are your first line of defense.

3. Detect– Hackers often get in quietly and stay for weeks or even months before launching an attack. You need tools that monitor and alert you to unusual activity, like:

- Suspicious logins
- Malware behavior
- Unauthorized access attempts

You wouldn't run a dealership without security cameras, so don't run your network without visibility.

4. Respond– What's your plan if something happens? A cyber attack can paralyze operations fast. Your response plan should:

- Outline clear roles (IT, legal, leadership)
- Contain and isolate threats
- Communicate with stakeholders quickly

Practice makes perfect, and running test drills will ensure your teams know exactly what to do in a real crisis.

5. Recover– Recovery is about more than just restoring files. It's about getting your business back up safely and confidently. This means:

- Using clean, verified backups
- Investigating how the breach happened
- Rebuilding trust with customers and partners

According to Coveware, the average cost of a ransomware attack for small businesses, including downtime, is now over \$140,000. And that doesn't include reputational damage or lost future revenue.

Cybersecurity can feel technical, but these five pillars are rooted in common-sense leadership. It's about preparation, visibility, and protecting what matters.

If you're unsure where your dealership stands, now's the time to get a security checkup from a trusted third party.

[Schedule a free consultation with One Step Secure IT.](#)

HR Corner – Prepare Now for January 2026: State Minimum Wage Increase Coming Impacting Technician Compensation

By: HR Hotlink and Fine, Boggs, & Perkins, LLP

On January 1, 2023, the state minimum wage was set at \$15.50 per hour. The state minimum wage is now \$16.50 per hour. Where will the minimum wage be next year? Unlike many states and the federal Minimum Wage, California law requires the minimum wage to be reviewed yearly by the state's Director of Finance. Pursuant to Labor Code Sec. 1182.12, the Director of Finance is required to calculate a new, increased minimum wage on or before August 1. The law requires the new wage to be the lesser of a 3.5% increase or the percentage increase in the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers. The new minimum wage then goes into effect on January 1 of the new year.



What will it be on January 1, 2026? The Department of Finance just calculated the average increase for the 12 months from July 1, 2024, to June 30, 2025, at 2.49%. That results in a new State Minimum Wage of \$16.90 per hour on January 1, 2026 (a \$.40 increase). That's about 20% less of an increase than we've seen in recent years (which included \$.50 annual increases).

How does this affect your dealership? Techs providing their own tools must be paid a minimum hourly rate of at least twice the state minimum wage, which is essentially an \$.80 increase in their hourly rate. This means the minimum hourly pay for techs will be \$33.80 per hour (for those with their own tools) starting January 1, 2026.

This presents a significant operational challenge for dealerships, as they must maintain efficiency and profitability while also keeping high-level techs happy, given that lube techs' earnings are significantly lower than those of higher-level techs. Also, the higher the base rate, the less incentive production-based techs have for productivity compensation. To maintain sufficient incentives, dealers may have to increase their production pay rate. This could have negative effects on profitability, of course. Many dealerships are seeing how guaranteed hourly rates can influence overall efficiency. For example, with a base rate of \$33.00 per hour, twice the state's current minimum wage, scheduled to rise to \$33.80 on January 1, 2026, the pay gap between entry-level positions like lube techs (who provide their own tools) and journeyman technicians has narrowed considerably. This wage compression can affect motivation to take on additional work and creates retention challenges when top-level techs see only a small difference in pay compared to entry-level roles. In some cases, experienced technicians may look to other industries, such as public transportation or the Ports, where compensation is higher. With the state's minimum wage continuing to increase annually, this market pressure will remain a significant challenge for dealerships.

Accordingly, fixed operations departments should start implementing strategies to mitigate this. One way to do this is by providing tools for technicians. Doing so allows a dealership to pay technicians who are provided tools a base hourly rate of minimum wage (or the local minimum wage, whichever is greater). Dealers who provide tools for techs have been pleasantly surprised not only by the increased productivity but also by the relatively low cost of building a toolbox. Dealers can often recoup the cost of building toolboxes within a few months. This can be done incrementally: a dealer can provide toolboxes first to lube techs (if not having done so already), then to new "journeyman"-level techs, then to existing techs struggling with productivity, and finally (if necessary) to more well-seasoned, highly-productive techs—in order to amortize the cost over time.

While this article focuses on the increased State Minimum Wage for techs, commissioned sales personnel and salaried personnel are also affected. Those topics will be addressed in future Bulletin articles before January 1, 2026.

If you have questions or wish to discuss this further, please contact CNDA's employment counsel, John P. Boggs, at jboggs@employerlawyers.com or 650.712.8908.

Pauldron Announcement

By: *Matthew Dykstra, Pauldron CEO/Co-Founder*



Dealers Are Losing VSC Sales— Here's How Pauldron Is Helping Them Win Them Back

Across California, dealers are watching valuable F&I opportunities slip away as third-party companies aggressively target their customers post-sale. These outside programs offer protection products online—often selling to your customer before your team even gets a second chance.

Pauldron is helping dealers fight back—and win.

Pauldron is a digital F&I remarketing and service drive platform that helps dealerships retain customers and grow post-sale profit **using the dealer's existing product provider and products**. Dealers don't need to change product partners, or overhaul their F&I department. Pauldron simply gives dealers the tools to sell more of what they already offer—after the customer has left the store. The results are clear:

- ✓ Dealers are converting over 10% of service lane QR scans into VSC sales
- ✓ Customers are re-engaging with dealership-branded coverage offers
- ✓ Service writers are becoming powerful product advocates without adding extra work
- ✓ Dealers are finally turning their **service drive into the gold mine it should be**

Pauldron also includes **Wallet ID**, a digital customer tool that gives buyers 24/7 access to their coverage details, reminders, and dealership-branded product offers—keeping your store connected to customers long after delivery.

If you're ready to protect your profit, strengthen customer loyalty, and sell more of the products you're already offering, **Pauldron is the platform built to do it.**

 **CNCDA Members: Join our upcoming webinar to see how Pauldron works.**

 [Register now](#)

[Book a Demo](#) or [Schedule a Partner Meeting](#).

CNCDA + Digital Dealer Partnership

By: *Rebecca Matulich, Director of Strategic Partnerships*

CNCDA Members: Attend the 2025 Digital Dealer Conference & Expo in Las Vegas for just \$500—nearly 50% off the Early Bird rate. [Use code CNCDA at checkout to unlock this Dealership/OEM Full Conference & Expo Pass.](#)

Held October 14–15 at Mandalay Bay, #DDCE2025 brings together dealership and OEM leaders from across the country for two days of targeted education, networking, and innovation. The event features TED-style sessions, hands-on workshops, a streamlined expo hall, DealerTech Live Stage, and new Solutions Showcase with rapid-fire vendor pitches.

With fewer overlapping sessions and high-impact content on marketing, AI, and digital tools, this year's format is built for real ROI.

Join CNCDA staff and our dealers this October in Las Vegas and take advantage of this exclusive CNCDA offer; [click here to register NOW.](#)



Digital Dealer and CNCDA are partnering to give you an exclusive discount to the only event purpose built to help dealership owners and operators tackle their biggest challenges in marketing, advertising, and digital operations.

Use code CNCDA to save!

[Register Now!](#)

Accelerate Your Dealership with Partner Powered Events

By: Rebecca Matulich, Director of Strategic Partnerships



Join events hosted by our trusted, licensed vendor partners, designed to help you elevate your dealership. These sessions provide valuable insights, networking opportunities, proven strategies, and industry-specific expertise to drive growth, increase profitability, and stay ahead of the competition. Enhance your sales, streamline operations, or discover new revenue opportunities.

Don't miss these opportunities to learn from and join the best companies in automotive. [Click here to view and register for these events today!](#)

Lexus in The Showroom

By: McKenna Bediamol, Administrative Coordinator

Thank you to Lexus of Sacramento for lending us the sleek 2025 Lexus TX 350! It's fully loaded and ready to take on any summer activity you've got planned. Swing by The Showroom at 1517 L St. this month and check it out!

Planning an event? We've got the space *and* your vehicle could be the perfect backdrop. With a flexible layout, FREE WiFi, all-new high-def video wall, and more, The Showroom has everything you need for your next meeting, fundraiser, or reception.



To display your vehicle or host your next meeting or reception, contact Cathy Mason, Director of Operations, at (916) 441-2599 ext. 115 or cmason@cncda.org.

Sharing Good News

By: McKenna Bediamol, Administrative Coordinator



CNCDA collects and shares our dealers' good news on our website and across our social media channels. These stories include hosting donation drives, supporting local schools, or sending dealership teams to volunteer with local organizations.

We want to show how our members are more than just car dealers; they are community stewards. Please look at our monthly [Sharing Good News Pages](#). Your dealership may just be one of our featured members!

To share YOUR good news, reach out to McKenna Bediamol at mbediamol@cncda.org.



UPCOMING 2025 EVENTS

Register at cncda.org/events

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WEBINARS:

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California New Car Dealers Association WEBINAR

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THURSDAY, AUGUST 14
10 - 11:30 AM

CNCDA
California New Car Dealers Association WEBINAR

**STEERING CLEAR OF FRAUD
WITH INTERNAL AUDITS:**
A DEALERSHIP
OPERATING MANUAL

AUGUST 21, 2025
11 AM - 12 PM

PRESENTED BY:
MEREDITH LUCCIOLA, DIRECTOR
MEGAN MILLER, PARTNER

**forv/s
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CNCDA
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SILVER



Thank you for reading!

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