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STATE OF CALIFORNIA
NEW MOTOR VEHICLE BOARD
MINUTES

The New Motor Vehicle Board (“Board”) held a General meeting on November 1, 2024, at Glendale City Hall, Council Chamber Room, 613 E. Broadway, 2nd Floor, Glendale, California 91206.

Ardashes (“Ardy”) Kassakhian, President and Public Member, called the meeting of the Board to order at 10:21 a.m.

Prior to taking roll, Mr. Corcoran read the following statement concerning the recent passing of Administrative Law Judge Marilyn Wong:

As many here are now aware, a member of our New Motor Vehicle Board family passed away last week.

Administrative Law Judge Marilyn Wong began her career with the Board in January of 1982. She served in every capacity we offer to a hearing officer or ALJ over the course of these four-plus decades.

Marilyn loved settlement conferences best, particularly for the opportunity they afforded her to save each side valuable resources by arriving at a fair, and reasonably expected outcome to their dispute while avoiding the uncertainty and cost of a full evidentiary hearing. Marilyn truly thrived in this role, which she enjoyed as the exclusive designated hearing officer for Mandatory Settlement Conferences for these most recent eight years.

Marilyn spoke very highly of this Board and its staff every time we spoke. As is often the tragic case, it’s when we lose someone that we realize we did not speak nearly often enough.

Recently, we did have the occasion to talk, though. Just two weeks ago, in fact. Marilyn shared exciting news of the opportunity to spend more time with her young grandchild and, while she has stayed on the Board well into her retirement years for a love of the job and a true appreciation of the

mission, she would be looking forward to fully retiring at the end of the year for the best possible reason.

Plans were well underway for Marilyn to begin providing Robin Parker, our Chief Counsel and a designated New Motor Vehicle Board hearing officer herself, a refresher training on the conduct of Mandatory Settlement Conferences, including helpful hints that were part what Marilyn referred to as the “secret sauce” that made her so very effective. Also, plans were moving forward to honor Marilyn and each of our ALJs who have so respectably served this organization for so many decades. It was while awaiting Marilyn’s response confirming her availability for this celebratory event that we received a call, not from Marilyn but from her husband, David, sharing this devastating news.

I’ve read, and reread, my final emails to Marilyn so many times this week. Wishing I said more. Wishing I more fully said how much I value her as a member of the team and as a person. I hope saying this here can serve as some form of tribute to what Marilyn meant to me, to this Board, and to the industry she held in such high regard.

Through her decades of service, Judge Marilyn Wong has earned a reputation as a kind, thoughtful, and extraordinarily effective hearing officer and mediator. Even if one might disagree with Marilyn’s position on a particular issue before her, there was never any doubt as to whether she fully listened, endeavored to understand, and truly and deeply cared about her role, and this Board’s work.

I know I speak for the entire team when I say a big part of who we are has been lost with Marilyn’s passing, but we will carry on and honor her the best way we can by respecting this organization and valuing its mission the way she always did and by striving to match the same care she put into her work, knowing we each have the power to make a positive difference.

Mr. President, I kindly ask for a moment of silence for our colleague and our friend Judge Marilyn Wong.

The members, staff, and audience observed a moment of silence.

President Kassakhian noted the pain felt is strong for many members of our team and the fact they have been able to push through and carry on with the work of the Board is a testament to the organization but also the respect they all have for Judge Wong. In the City of Glendale, when a member of the community passes away that has made a significant impact, the highest honor bestowed upon them in these chambers is at the conclusion of the city’s business, the meeting is adjourned in their memory. As the meeting today is being held in Glendale, President Kassakhian asked his colleagues at

the conclusion of the meeting to adjourn the meeting in the memory of Judge Marilyn Wong.

2. **ROLL CALL**

Board Members Present: Anne Smith Boland
Ashley Dena
Kathryn Ellen Doi
Ardashes “Ardy” Kassakhian
Bismarck Obando
Brady Schmidt
Jacob Stevens

Board Staff Present: Timothy M. Corcoran, Executive Director
Kim Vaye, Assistant Director and Equity Officer
Robin P. Parker, Chief Counsel
Jason Rose, Senior Staff Counsel

Tammy Bayne, Administrative Law Judge

Mr. Corcoran indicated that a quorum was established for general business.

3. **PLEDGE OF ALLEGIANCE**

Former Dealer Member Ramon Alvarez C. led the members and staff in the Pledge of Allegiance.

4. **PRESENTATION OF RESOLUTION TO RAMON ALVAREZ C., FORMER DEALER BOARD MEMBER**

At the April 28, 2023, General meeting, the members unanimously moved to present Ramon Alvarez C., former Dealer Member, with a Resolution in appreciation of his dedication and service to the Board and the State of California.

Mr. Alvarez remarked that his contribution to the Board was nothing compared to Judge Wong as she was a catalyst to the Board. It was his sincerest honor to serve the State of California in the automotive sector that he loves so much and was honored to be at the meeting today.

Member Doi acknowledged how important Mr. Alvarez has been to the Board. She had the honor of serving as Vice President when he was President. It was a challenging time as the Board’s former Executive Director, Bill Brennan, passed away and Mr. Corcoran was appointed. Ramon handled that transition with grace and leadership. To Member Doi, this is one of Mr. Alvarez’s “crowning achievements of [his] tenure on the Board.” She thanked Mr. Alvarez and noted it has been an honor and pleasure serving with him and maintaining their friendship beyond their service on the Board.

Member Obando thanked Mr. Alvarez who now serves as the unofficial social director of the Board. Additionally, Member Obando commented that Mr. Alvarez is not only a friend but family as he has always been there for him.

Member Schmidt thanked Ramon for recommending him to the Board and for his friendship and mentorship. Member Schmidt values and treasures Mr. Alvarez's insight and knows he has brought much wisdom to this Board. The legacy left by Ramon is very strong and Member Schmidt thanked him for his service.

President Kassakhian thanked Ramon for his years of service to the Board, for his leadership in the industry, and for helping shape public policy. President Kassakhian congratulated Mr. Alvarez and thanked him on behalf of the Board and the State of California.

5. **VIRTUAL PRESENTATION OF RESOLUTION TO ANTHONY M. SKROCKI, DESIGNATED LAW AND MOTION ADMINISTRATIVE LAW JUDGE**

At the August 9, 2024, General meeting, the members unanimously moved to present Anthony M. Skrocki, Administrative Law Judge, with a Resolution in appreciation of his dedication and service to the Board and the State of California. Judge Skrocki was present at the meeting via Zoom as a reasonable accommodation.

Judge Skrocki thanked President Kassakhian and the members for this recognition and joined in recognizing Judge Wong. She was polite, friendly, cooperative, willing to do whatever she could, knowledgeable, and efficient. Judge Wong was a tremendous asset and a pleasure to talk to and work with.

Judge Skrocki remarked that although he has been with the Board for many decades, he has not interacted directly with the Board Members but has observed what they have accomplished. Judge Skrocki noted how impressed he was with the members' bios on the Board's website, and their dedication and impact upon the industry. Most people do not know this Board exists but there is not one case that does not have ripple effects that extend across thousands of people and across perhaps the entire industry and the county.

Member Doi stated that even though she has not met Judge Skrocki she feels like she knows him because of his amazing work on behalf of the Board. His impact has been "unspeakably tremendous," and the Board values his decades of experience and dedication. Member Doi noted how much Judge Skrocki is appreciated for what he has done and will continue to do for the Board. In response to Member Doi's question, Judge Skrocki told the story of how he began his career at the Board.

Ms. Parker said how much she appreciates Judge Skrocki as he is an absolute wealth of knowledge, is thoughtful, and has an answer for everything. Ms. Parker cannot imagine working if he was not a Judge for the Board as he does a tremendous job, is fair, an excellent listener, and so smart.

President Kassakhian remarked that Judge Skrocki's guidance in shaping many of the Board's decision has been foundational. The Board relies on his wisdom routinely and thanked him for all he has done for the Board and the State of California.

6. **VIRTUAL PRESENTATION OF THE SOLON C. SOTERAS EMPLOYEE RECOGNITION AWARD TO ADMINISTRATIVE LAW JUDGE ANTHONY M. SKROCKI AND ROBIN P. PARKER, CHIEF COUNSEL**

At the August 9, 2024, General Meeting, the Board selected Administrative Law Judge Anthony M. Skrocki and Chief Counsel Robin Parker as the recipients of the Solon C. Soteris Employee Recognition Award. This was in recognition of their exceptional leadership and contributions in developing legacy training materials, documents, videos, and resources for the benefit of the Board's current and future staff, attorneys, Administrative Law Judges, and stakeholders. Judge Skrocki was present at the meeting via Zoom as a reasonable accommodation.

Member Stevens thanked Robin for her patience with him and the Board. And, noted he depends on her work, guidance, and counsel and is grateful for it. Ms. Parker thanked everyone for the award and remarked that she is delighted to share it with Judge Skrocki.

President Kassakhian thanked Robin for her work by making sure the Board is prepared and ahead of the curve. Member Doi commented on the amount of hard work and "blood, sweat, and tears" Robin puts in for the Board. Member Obando echoed what the other members said. Judge Skrocki noted that Robin is a tremendous source of knowledge and the most organized person. Ms. Parker thanked everyone for their thoughtful comments and expressed her appreciation.

7. **EDUCATIONAL PRESENTATION ON THE AUTOMOTIVE FRANCHISE SYSTEM BY DARRYL HOLTER, PREVIOUS OWNER OF FELIX CHEVROLET AND AUTHOR OF *DRIVING FORCE* - BOARD DEVELOPMENT COMMITTEE**

President Kassakhian welcomed Darryl Holter, previous owner of Felix Chevrolet and author of *Driving Force*. Mr. Corcoran provided the members with his background:

Darryl Holter is the former Dealer Principal of the Downtown Los Angeles Auto Group, seven dealerships which were sold to the Lithia Group in 2017 and Felix Chevrolet, the oldest dealership in Los Angeles, which was sold to the Sierra Group in 2022. Holter served as Chairman and Director of the California New Car Dealers Association and the Greater Los Angeles New Car Dealers Association. He is the Founding Chair of the Figueroa Corridor Business Improvement District, an Adjunct Professor of history at the University of Southern California, the owner of Chevalier's Books, the oldest independent bookstore in Los Angeles, and a member of Local 47 of the American Federation of Musicians.

Mr. Holter noted that he was a historian before he became an automobile dealer. One day while working at Felix Chevrolet, he received a call from the motor car dealers association as they found a box of old stuff they were going to throw away. With this information and secondary materials, he realized there was no written history in America about how cars were merchandised in the earliest days of the industry. His book, *Driving Force*, is the first book to really explore this and is based on Los Angeles.

In addition to providing the members and staff with his book and article entitled “*The Origins of the American Automobile Franchise System*,” Mr. Holter presented a fascinating overview of the auto industry in the early 1900s. The first automobile dealers in Los Angeles in 1897 were in bicycle shops on Main Street. In 1910, in downtown Los Angeles, there were 105 brands and 70 dealers. Figueroa Street is one of the longest streets in the world and became the historic auto row. In 1927, there were 52 new and used car operations on Figueroa and Flower Street. When Mr. Holter started in the auto industry there were five. By 1925, 75% of new and used cars sold in America were sold on payment plans; this number was 85% in Southern California.

In addition, Mr. Holter discussed the origins of the “Kelly Blue Book,” memberships that provided maps and signage in Southern California, the Vehicle Act of 1913, and early franchise agreements. Darryl answered questions posed by the members such as his opinion of dealer-manufacturer relationships relative to the franchise agreement asked by Member Schmidt. Member Smith Boland, the great granddaughter of a 1917 car dealer in San Francisco, expressed her gratitude to Mr. Holter for all his time and effort documenting the stories of Los Angeles as they are like stories told by her family over the years. Member Doi thanked Darryl for finding and sharing these stories. President Kassakhian commented that he was grateful for Darryl’s research and for sharing it with the Board.

There was no Board action as this matter was for information only.

8. **INTRODUCTION AND WELCOME OF CHRISTINA MICHEL, CHIEF OF INVESTIGATIONS, DEPARTMENT OF MOTOR VEHICLES - BOARD DEVELOPMENT COMMITTEE**

President Kassakhian welcomed Christina Michel, Chief of Investigations, Department of Motor Vehicles. Mr. Corcoran provided the members with her background:

Christina Michel leads the DMV Investigations Division, which conducts complex criminal, administrative, and civil investigations involving identity theft, financial and employee fraud, document counterfeiting, and illegal odometer and vehicle identification alterations. In her role, she spearheads modernization efforts and established a groundbreaking Data Forensics Unit.

Christina was appointed deputy director in September 2021, after serving as the division Area Commander of the Northern Special Operations in

which she supervised the Internal Affairs-north office and Investigative Analysis and Protected Records unit. She has been with the DMV since 2006, but her career spans more than three decades, starting as a U.S. Marine, transitioning to a 7-year tenure at Pepsi Cola and then joining the California Highway Patrol in 2002.

Chief Michel noted the recent reorganization at the Department of Motor Vehicles (DMV) that brought inspectors back into investigations. This allows more collaboration between inspectors and investigators. Licensing has been broken up so there is an operations part that controls the application process.

Chief Michel discussed that Investigations is modernizing and has a data forensic team. The volume of data allows analysts to go through it and look for fraud. As an example, Chief Michel reviewed vehicle transfers and how instead of being reactive DMV can be proactive. This helps DMV protect customers as it gives them an idea if a dealership is in trouble. DMV does not have to wait for customers to complain as they can address it sooner.

Smog requirements were also discussed and how customers change their address to live in smog exempt counties when they do not. The data available is amazing. It shows high-end cars being registered out-of-state to avoid sales taxes, so DMV is trying to combat this. Cloning VINs is a problem. Chief Michel noted that DMV is looking at vulnerabilities within its systems and how to move forward with altering laws.

Lastly, Investigations now has an online complaint portal, so complaints directly go to investigations rather than getting lost in the mail. They can communicate directly with consumers or complainants.

Member Smith Boland thanked Chief Michel for what Investigations does as it keeps bad actors out, takes care of the consumer, and keeps dealers honest.

Mr. Corcoran remarked that based on his background and familiarity with the industry, he was particularly interested in the admittedly antiquated statutes concerning changing technologies, the way cars are sold, and how consumers interact with dealers at the time of purchase and after. He wondered how open DMV and Chief Michel would be to front-end input from the industry on some of these statutory changes. Perhaps, the Board through its Government and Industry Affairs Committee, could join forces on this shared interest. Chief Michel was receptive to this suggestion.

Member Doi thanked Chief Michel for all she is doing and looked toward ways the Board could partner to help with the statutory changes. In response to Member Doi's question, three violations that Investigations is working on are failure of dealers to transfer title, stolen vehicles, and theft or fraud aspects of driver's licenses.

Member Stevens relayed his personal experience with failure to transfer and thanked Chief Michel for her efforts to modernize and digitize this process to make it user friendly for consumers.

There was no Board action as this matter was for information only.

9. **APPROVAL OF THE MINUTES FROM THE AUGUST 9, 2024, GENERAL MEETING, AND AUGUST 9, 2024, MEETING OF THE AD HOC COMMITTEE ON EQUITY, JUSTICE AND INCLUSION**

Due to a delay in receipt of the transcript, this agenda item will be considered at the February 28, 2025, General Meeting.

10. **CONVERSION OF THE AD HOC COMMITTEE ON EQUITY, JUSTICE AND INCLUSION TO A STANDING COMMITTEE, BY THE BOARD PRESIDENT**

President Kassakhian converted the Ad Hoc Committee on Equity, Justice and Inclusion to the Committee on Equity, Justice and Inclusion. President Kassakhian noted that he would like the delegations made to the Ad Hoc Committee transferred to the standing committee so as the staff looks at this in more detail, there may be matters that need to be addressed at a future meeting.

11. **APPOINTMENT OF PRIMARY AND ALTERNATE MEMBERS TO THE COMMITTEE ON EQUITY, JUSTICE AND INCLUSION, BY THE BOARD PRESIDENT**

President Kassakhian decided that every Board Member will also be a member on the Committee on Equity, Justice and Inclusion.

12. **UPDATE ON BOARD DEVELOPMENT ACTIVITIES - BOARD DEVELOPMENT COMMITTEE**

The members were provided a memo from Tim Corcoran concerning Board development activities. Mr. Corcoran commented that there were many fun educational presentations as indicated in the memo.

Ms. Vaye reminded the members that part of the Board's Strategic Plan is engaging more with communities and partnering with community-based organizations and others. She recently learned that the night prior to the Racial Equity Commission meetings they partner with a community-based organization and hold a meeting. The organization can provide translation services, meals, refreshments, and childcare. It is a good way to welcome the community and get input on what they are proud of and what they want to work on. These meetings provide an opportunity for the Commission discuss what it is working on. In the case of the Board, we could discuss our programs. Ms. Vaye thinks this is a great model for the Board to consider. One or two Board members could

participate with staff so it would not be a meeting. Additionally, Ms. Vaye discussed holding Board meetings in the Central Valley, Southern Central Valley, and other areas.

President Kassakhian thought this was a great idea. Member Doi thanked Tim and the staff for making the arrangements for the guests

There was no Board action as this matter was for information only.

13. **DISCUSSION AND CONSIDERATION OF PROPOSED INCREASES TO THE ANNUAL FEE PAID BY DEALERS, MANUFACTURERS, AND DISTRIBUTORS WITHIN THE BOARD'S JURISDICTION TO "FULLY FUND THE ACTIVITIES" OF THE BOARD. (VEH. CODE § 3016) - FISCAL COMMITTEE**

This matter was postponed at the request of Vice President Stevens until after the discussion in Agenda Item 15.

14. **DISCUSSION AND CONSIDERATION OF PROPOSED REGULATORY AMENDMENTS PERTAINING TO BOARD FEES - POLICY AND PROCEDURE COMMITTEE**

- A. Annual Board Fee (13 CCR § 553)
- B. Determination of Annual Board Fee. (13 CCR § 553.20)

This matter was postponed at the request of Vice President Stevens until after the discussion in Agenda Item 15.

15. **REPORT ON THE BOARD'S FINANCIAL CONDITION AND RELATED FISCAL MATTERS - FISCAL COMMITTEE**

- a. Report on the Board's Financial Condition for the 4th quarter of Fiscal Year 2023-2024.
- b. Report of the Board's Financial Condition for the 1st quarter of Fiscal Year 2024-2025 and the fiscal impact of utilizing the Office of Administrative Hearings to preside over merits hearings.
- c. Report concerning the Board's collection of its Annual Board Fee.

The members were provided with a memo from Tim Corcoran, Kim Vaye, and Suzanne Luke.

As indicated in the memo, the fourth quarter of Fiscal Year 2023-2024 began with a budget appropriation of \$2.153 million, beginning reserve balance of \$1.818 million, and ending reserve balance of \$1.639 million. Eighty percent of the appropriated budget for Fiscal Year 2023-2024 was expended (\$1.730 million).

The first quarter of Fiscal Year 2024-2025 (July through August) began with an appropriation of \$2.163 million. The reserve balance after August Expenditures is \$2.397 million. The Board expended 12% of its appropriated budget.

Ms. Vaye noted that most expenditures are for personnel. The Board is not paying rent, so there are significant cost savings with operating expenses and equipment. The members asked several questions concerning the reports and Board's fiscal condition including the reserve balance and the Board's pro rata share.

Member Schmidt suggested an additional table in the report that shows the beginning reserve balance at the start of the fiscal year, the ending reserve balance at the end of the fiscal year, and a column that shows the pro rata and other adjustments (positive or negative) with a revised total reserve balance, which would be the beginning reserve balance for the next fiscal year.

Mr. Corcoran explained one additional savings as departments are being directed to reduce spending by at least 7.95%. Staff are looking at reducing positions formerly held by office assistant staff that are now handled by technology and Teams tools. Ms. Vaye identified these vacant positions.

There was no Board action as this matter was for information only.

13. **DISCUSSION AND CONSIDERATION OF PROPOSED INCREASES TO THE ANNUAL FEE PAID BY DEALERS, MANUFACTURERS, AND DISTRIBUTORS WITHIN THE BOARD'S JURISDICTION TO "FULLY FUND THE ACTIVITIES" OF THE BOARD. (VEH. CODE § 3016) - FISCAL COMMITTEE**

The members were provided a memo from Tim Corcoran, Kim Vaye, and Penny Bhatti proposing increases to the Annual Fee paid by dealers, manufacturers, and distributors within the Board's jurisdiction to "fully fund the activities" of the Board.

As indicated in the memo, at its August 9, 2024, General Meeting, the Board determined that its operating fund had depleted below its desired 12-month reserve balance as a result of revenue shortfalls coupled with increased operating costs since the onset of the Covid-19 pandemic, and related supply chain challenges impacting new motor vehicle sales in California. Further, the Board predicted insolvency of the operating fund is likely to occur without an intervening action.

Most of the Board's revenue is derived from licensing fees collected from dealers of new motor vehicles and manufactures/distributors who distribute their new motor vehicles in California. The current Annual Board Fee per manufacturer or distributor is charged at a rate \$.45 per vehicle distributed in the State, with a minimum of \$300 per year, and the dealer licensing fee is \$300 per year.

If no action is taken, the fund is projected to become insolvent during Fiscal Year 28/29. The goal is to restore adequate funds in reserve, equal to the Board's annual expenditures. While the Board has significantly reduced operating costs, and continues to spend below its annual appropriation, those reductions on their own are insufficient to achieve the necessary alignment of revenue to expenditures.

Mr. Corcoran reported that this discussion and Agenda Item 14 are related but separate. Each concern the Board's consideration of pursuing an increase to the annual fee paid by new motor vehicle dealers, and manufacturers and distributors. In this item, the Board Members will consider whether to pursue a fee increase and, if so, what the increased amount should be. The next item asks for Board approval to begin the rulemaking process.

Mr. Corcoran explained that several options were explored but he is recommending the most conservative of these options, which would represent an increase of approximately 30% for new car dealers, manufacturers, and distributors. Under this option, the annual licensing fee paid by new motor vehicle dealers would increase from \$300 to \$400. For manufacturers and distributors, fees are instead paid on a per vehicle basis, currently set at \$.45 per vehicle distributed in the State. This fee would be increased by \$.15 to \$.60 per vehicle with a minimum amount of \$400.

According to Mr. Corcoran, this proposal addresses the immediate need without being so aggressive as to create a surplus. Relying on certain assumptions, this solution should allow the Board time to reassess the fund condition in the next 6-8 years to account for any significant economic or industry changes affecting revenue at that time. The Board's statutes controlling fee collection do not contain provisions allowing for an automatic, recurring adjustment to fees, such as one tied to CPI (Consumer Price Index). Rather, the Board must engage in the rulemaking process whenever a fee change is warranted to "fully fund the activities of the Board."

In response to Member Obando's question. Mr. Corcoran discussed the outreach to all impacted stakeholders prior to the meeting.

Member Schmidt suggested the fees be based on inflationary assumptions that look 10-12 years out so fees would be commensurate. Mr. Corcoran indicated that Ms. Vaye and her team included an assumed increase for inflation year over year so that is why more than one option was offered. Member Schmidt suggested a more aggressive fee increase by letting dealers and manufacturers absorb that now and protect the Board for a much longer time.

In response to Member Doi's question, Member Schmidt indicated he would be comfortable with Scenario 3 [fee increase of approximately 41% (\$.65 per vehicle with dealer and minimum manufacturer and distributor fees at \$425)].

Member Obando addressed the engagement and approval of the Department of Finance (DOF), which can be political. Mr. Corcoran indicated that if the DOF said "no"

to an aggressive proposal, then the Board would have to meet and could be back to the beginning of the rulemaking process. The Board needs to weigh the long-term viability and sustainability of its fund versus the immediate need to start building its reserve back with potential delays of another six months, which could result in insolvency before the fee increase is effective.

Member Doi inquired if the Board could authorize Scenario 3 but default to Scenario 2 (\$.60 per vehicle with dealer and minimum manufacturer and distributor fees at \$400). Member Schmidt discussed the unintended consequences of the Board's insolvency, which would increase costs for consumers, dealers, and manufacturers.

After further discussion, Member Doi moved to select Scenario 3 with the option to allow staff to propose Scenario 2, if necessary. In response to Member Smith Boland's question, Mr. Corcoran commented that with the Board's direction to pursue both scenarios and with Counsel's advice, staff would first try Scenario 3 and if that works then Scenario 2 is rendered moot. Member Stevens seconded the motion.

Prior to the vote, Ms. Parker suggested a fee increase range of \$.60 to \$.65 and \$400 to \$425 rather than adopting two scenarios with fixed fees. This results in the Board giving staff the broadest discretion with the Board's preference for the higher end.

Member Doi amended her motion to approve the dealer licensing fee increase within the range of \$400 to \$425 and the per vehicle fee within the range of \$.60 to \$.65 with a preference for the higher end. The minimum fee for manufacturers and distributors would be in the range of \$400 to \$425. Member Stevens accepted the amendments and seconded the amended motion. The motion carried unanimously.

Mr. Corcoran added the following statement for the ease of anyone reviewing the transcript or minutes later. The Board had a discussion relevant to this conversation where quarterly reports were discussed. The fee increases the Board is directing staff to pursue go a long way together with the Board's continued efforts to reduce expenditures as well. As reported earlier, the Board is spending well under its appropriation. And will continue to do so. Potential salary savings have been identified to further reduce those expenditures. The Board is not asking for additional fees while "not tightening [its] belt." It is doing that as well.

14. **DISCUSSION AND CONSIDERATION OF PROPOSED REGULATORY AMENDMENTS PERTAINING TO BOARD FEES - POLICY AND PROCEDURE COMMITTEE**

- A. Annual Board Fee (13 CCR § 553)
- B. Determination of Annual Board Fee. (13 CCR § 553.20)

The members were provided with a memo from Tim Corcoran and Robin Parker regarding proposed regulatory amendments pertaining to Board fees in Sections 553 and 553.20 of Title 13 of the California Code of Regulations.

With the action taken by the Board in Agenda Item 13, Ms. Parker suggested a potential motion as follows:

The Board adopts the proposed regulations with the dealer licensing fee of \$425 and the per vehicle fee of \$.65 for manufacturers and distributors with a minimum of \$425. The Board grants the Board staff discretion in consultation with the Executive Committee to reduce the fee to any number between \$400 and \$425 and \$.60 and \$.65. If this occurs, like with non-substantive regulatory changes, staff will bring this matter to the full Board at its next meeting.

If adopted, Ms. Parker noted this action would result in a new delegation so the Board adopted delegations will be amended at a future meeting.

Member Schmidt moved to adopt the motion outlined by Ms. Parker. Member Dena seconded the motion. The motion carried unanimously.

The proposed amendments are:

§ 553. Annual Board Fee.

(a) Pursuant to section 11723 of the Vehicle Code, every applicant for a license as a new motor vehicle dealer or dealer branch, and every applicant for renewal of a license as a new motor vehicle dealer or dealer branch, shall pay to the department for each issuance or renewal of such license, the sum of ~~\$300.00~~ \$425.00, per year of licensure, in addition to all other fees now required by the Vehicle Code. For the purposes of this section, a dealer or dealer branch which is enfranchised to sell both new motorcycles and new motor vehicles other than motorcycles shall be subject to a licensing fee for sales of motorcycles and a licensing fee for sales of motor vehicles other than motorcycles.

(b) Pursuant to section 3016 of the Vehicle Code, every new motor vehicle manufacturer and distributor shall pay to the Board an annual fee of ~~\$.45~~ \$.65 per new motor vehicle distributed by the manufacturer or distributor which was sold, leased, or otherwise distributed in California to a consumer of such new motor vehicles during the preceding calendar year, provided, however, that the fee to be paid by each manufacturer or distributor shall not be less than ~~\$300.00~~ \$425.00.

The board may waive fees for a new motor vehicle manufacturer or distributor licensed in California, based on a determination that the manufacturer or distributor either does not sell vehicles in California or does not have an independent dealer or dealer branch in California.

NOTE: Authority cited: Section 3050(a), Vehicle Code. Reference: Sections 3016 and 11723, Vehicle Code.

§ 553.20. Determination of Annual Board Fee.

Upon receipt of the information required by Section 553.10(a), or as determined by Section 553.10(b), the Board shall calculate the Annual Board Fee to be paid by each manufacturer and distributor by multiplying the annual fee per vehicle (as set forth in Section 553(b)) by the number of new motor vehicles distributed by the manufacturer or distributor in the preceding calendar year provided, however, that the fee to be paid by each manufacturer or distributor shall not be less than ~~\$300.00~~ \$425.00. The Board shall thereafter send a written notice by regular mail or electronic-mail to each manufacturer and distributor stating the number of new motor vehicles distributed by the manufacturer or distributor and the amount of the fee to be paid.

Payment of the fee shall be made to the New Motor Vehicle Board no later than thirty (30) days after the date of receipt of the notice.

NOTE: Authority cited: Section 3050(a) and 3016, Vehicle Code.
Reference: Section 3050(a) and 3016, Vehicle Code.

President Kassakhian read the following statement into the record for the proposed regulatory changes:

Given the Board's decision to go forward with the proposed regulations, I hereby delegate [to] the Executive Director the ministerial duty of proceeding through the rulemaking process in compliance with the Administrative Procedure Act.

Notice of the proposed rulemaking will be published in the California Regulatory Notice Register and will be sent to the Public Mailing List.

During the public comment period, I want to invite and encourage written and oral comments. Additionally, a public hearing at the Board's offices may be held to accept oral and written comments. By the Board instructing staff to go forward with the proposed regulations, this does not necessarily indicate final Board action.

If any written or oral comments are received, the full Board will consider the comments and reconsider the text of the proposed regulations.

Furthermore, [if] the staff decides that substantive modifications in the proposed text are necessary, the Board will consider those modifications at a noticed meeting.

However, non-substantive changes involving format, grammar, or spelling [suggested] by the Office of Administrative Law [or] the staff will not be considered by the Board because they are not regulatory in nature. It will

be considered by the Executive Committee and ultimately reported to the Board at a future meeting.

If there are no written or oral comments received, then the rulemaking process will proceed without further Board involvement.

16. **DISCUSSION OF THE 2025 NEW MOTOR VEHICLE BOARD INDUSTRY ROUNDTABLE - GOVERNMENT AND INDUSTRY AFFAIRS COMMITTEE**

Mr. Corcoran stated the 2025 Industry Roundtable is being held the day after the California New Car Dealers Association Dealer Day Event. Mr. Corcoran commented that staff hope to capitalize on all the dealers in town and encourage them to attend the Roundtable. The Roundtable is being held closer to the Capitol at the Natural Resources Agency; the auditorium can accommodate up to 200 people.

This event is a return to the Board's roots with updates from DMV and the Board's transition to the Office of Administrative Hearings. There is also an opportunity to have a more engaging experience by creating new partnerships and collaborations. Mr. Corcoran watched a recent Little Hoover Commission meeting in which it had speakers discussing public, private philanthropic partnerships and how that is not only acceptable but encouraged. Mr. Corcoran would like to use the afternoon session at the Roundtable to create these unique government connections.

The members were provided with the draft RSVP. President Kassakhian suggested a word change from "debate" to "discuss."

There was no Board action as this matter was for information only.

17. **DISCUSSION CONCERNING ENACTED LEGISLATION - LEGISLATIVE COMMITTEE**

- a. Enacted Legislation of Special Interest: None
- b. Enacted Legislation of General Interest:
 - (1) Assembly Bill 1755 (Assembly Member Kalra and Senator Umberg; Ch. 938. Stats. 2024) - Civil actions: restitution for or replacement of a new motor vehicle.
 - (2) Assembly Bill 1777 (Assembly Member Ting; Ch. 682. States. 2024) - Autonomous vehicles.
 - (3) Assembly Bill 1849 (Assembly Member Grayson; Ch. 196, Stats. 2024) - Song-Beverly Consumer Warranty Act: services and repairs: travel trailers and motor homes.
- c. Pending Federal Legislation of General Interest: None

The members were provided with a memo from Tim Corcoran and Jason Rose

concerning enacted legislation. Mr. Rose reported that although there is no legislation of special interest or new laws that directly impact the Board, there were a couple of bills of general interest passed.

First, Assembly Bill 1575 significantly alters the Lemon Law process in California and adopts a new prelitigation procedure. Mr. Rose stated the bill was passed quickly so the Governor indicated when passing it that he's anticipating additional legislation allowing automakers to elect whether to participate in these new procedures.

Next Mr. Rose discussed Assembly Bill 1777, an autonomous vehicle bill, that allows citations to the manufacturer or operator of the vehicle if there is no driver. If there is a driver, then the driver would be cited.

Lastly, Assembly Bill 1849 was discussed. Mr. Rose stated that the bill provides consumers of RV's, travel trailers, and motorhomes with enhanced consumer protections like the Lemon Law. Consumers can elect reimbursement or replacement.

There was no Board action as this matter was for information only.

18. **DISCUSSION AND CONSIDERATION OF PROPOSED REGULATORY AMENDMENTS TO THE BOARD'S CONFLICT OF INTEREST CODE IN SECTION 599 OF TITLE 13 OF THE CALIFORNIA CODE OF REGULATIONS - POLICY AND PROCEDURE COMMITTEE**

The members were provided with a memorandum from Tim Corcoran and Robin Parker concerning a proposed amendment to Section 599 of Title 13 of the California Code of Regulations pertaining to the Board's Conflict of Interest Code. Ms. Parker indicated that "Appendix A – Designated Positions" needs to be updated to reflect Kim Vaye's position as Assistant Division Chief/Program Manager.

Member Stevens moved to adopt the proposed regulation. Member Schmidt seconded the motion. The motion carried unanimously.

19. **EXECUTIVE DIRECTOR'S REPORT**

- A. Administrative Matters.
- B. Case Management.
- C. Judicial Review.
- D. Notice Filed Pursuant to Vehicle Code sections 3060/3070 and 3062/3072.
- E. Other.

Mr. Corcoran provided the members with a report on Administrative Matters that identified all pending projects, the Board staff and committee assigned, estimated completion dates, and status.

Mr. Corcoran highlighted the progress made on the Board's 2024-30 Strategic Plan objectives. Ms. Vaye created a production document displaying not only the plan itself, but also containing messages from President Kassakhian, Mr. Corcoran, and Ms. Vaye, as the Board's Equity Officer.

Additionally, Mr. Corcoran indicated that Board staff volunteered to take significant roles in implementing several of the objectives from the Strategic Plan. Timeframes have been developed and updates will be provided at future meetings.

Regarding the Board's work supporting motor vehicle recall awareness, Mr. Corcoran stated Ms. Vaye worked with the partners of the California State Transportation Agency (CalSTA) organization to share the "Check to Protect" message via social media, their website, and potentially the monitors in 170 DMV field offices. A productive meeting was held with Caltrans' Director Tavares looking into putting the "Check to Protect" banners or signage at 400 maintenance stations throughout California.

Mr. Corcoran stated that initiatives related to recognition of local jurisdictions and other entities who have taken meaningful steps to make their communities ZEV-ready, and a separate effort to encourage responsible sales practices, to dispel myths, educate, and prepare Californians for ZEV adoption will be framed out by the end of 2024.

Lastly, Mr. Corcoran informed the members that Board staff will soon start working with President Kassakhian and Vice President Stevens in their roles as members of the Ad Hoc Committee to Review the Mission and Vision Statements.

Ms. Parker indicated that in the *Putnam Ford* warranty case (Protest No. PR-2826-23), the request for post-hearing deposition designations is being considered next week and the hearing opened to add additional exhibits. She anticipates the proposed decision being heard at the March 26, 2025, Special Meeting. In *Serramonte Ford* (Protest No. PR-2855-24), all three parties including the Intervenor agreed to allow Ms. Parker to preside over the settlement conference in light of ALJ Wong's passing.

Mr. Rose reported that that since the members received the Executive Director's report, one protest was dismissed and in another matter a hearing on a motion to dismiss was scheduled for November 22, 2024.

20. **SELECTION OF BOARD MEETING DATES FOR 2025**

The Board Members selected the following Board meeting dates for 2025:

- February 28, 2025, General Meeting (Fresno)
- March 26, 2025, Special Meeting (Sacramento)
- March 27, 2025 Industry Roundtable (Sacramento)

- August 1, 2025, General Meeting (Glendale)
- December 12, 2025, General Meeting (San Diego)

21. **CLOSED EXECUTIVE SESSION**

Pursuant to Government Code section 11126(a)(1), all members of the Board shall convene in a closed Executive Session.

CONSIDERATION OF ANNUAL PERFORMANCE REVIEW FOR EXECUTIVE DIRECTOR - EXECUTIVE COMMITTEE

Consideration of annual performance review for Executive Director, by all members of the Board.

The Public and Dealer Members convened in Closed Executive Session to discuss Agenda Item No. 21.

22. **OPEN SESSION**

The Board Members returned to Open Session. President Kassakhian announced there was no Board action taken in regard to Agenda Item 21.

23. **PUBLIC COMMENT (Gov. Code § 11125.7)**

No additional public comment was presented.

24. **ADJOURNMENT**

With no further business to discuss, the meeting was adjourned the memory of the late Judge Marilyn Wong at 2:12 p.m.

Submitted by



TIMOTHY M. CORCORAN
Executive Director

APPROVED:



Ardashes ("Ardy") Kassakhian
President
New Motor Vehicle Board