SAN DIEGO

dealer

SPRING 2026

THE AUTO SHOW EXPERIENCE

Inside the 2026 San Diego International Auto Show – Where Discovery, Innovation and Connection Drive Buying Decisions

77% AUTO SHOW INFLUENCES BUYING DECISIONS

250,000+ IN-VEHICLE EXPERIENCES DELIVERED

47% RIDE-AND-DRIVE PARTICIPANTS DISCOVERED A VEHICLE THEY HADN'T PREVIOUSLY CONSIDERED

15% INCREASE IN DAILY ATTENDANCE

34 EV MODELS ON DISPLAY OR IN RIDE-AND-DRIVES

NCDA

OFFICIAL PUBLICATION OF THE NEW CAR DEALERS ASSOCIATION SAN DIEGO COUNTY

Solving Your Challenges, *Together*

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Publication 14 | 2026
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SAN DIEGO COUNTY

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Chairman's Letter

By **Paul Dyke**, Chairman, New Car Dealers Association

Dear Dealer Members,

As this issue of San Diego Dealer highlights another successful San Diego International Auto Show, I want to take a moment to recognize the tremendous value this event continues to bring to our dealers, manufacturers and our community.

The auto show remains one of the most powerful opportunities we have to connect consumers directly with our products and brands. Seeing thousands of attendees exploring and experiencing new vehicles firsthand is a reminder that no digital experience can replace the excitement of sitting in a vehicle, interacting with product specialists, comparing options in person and even taking a test drive. The enthusiasm and engagement generated at the show continue to translate into meaningful purchase influence for our dealers and manufacturers alike.

Just as importantly, the auto show serves as the primary fundraising mechanism for the New Car Dealers Association, allowing the NCDA to continue advocating on behalf of San Diego County dealers and supporting the issues that impact our businesses every day.

As I conclude my second term serving as chairman of the NCDA, I've had a unique opportunity to reflect on how much our industry has evolved over the past decade, and at the same time, how important the role of this association remains for San Diego dealers.

From evolving consumer expectations to new technologies and regulatory challenges, dealers today are navigating one of the most transformative periods our industry has experienced. While the challenges facing dealers today may look different than they did 10 years ago, the mission of the NCDA has remained constant: protecting dealer interests, advocating on critical legislative and regulatory issues, and ensuring dealers have a strong voice in a rapidly changing automotive environment. Having served as chairman both then and now, I can say with confidence that the work being done by this organization is more important than ever.

It has truly been a privilege to serve this association and represent our dealer community. I am extremely proud of the work the NCDA continues to do on behalf of dealers throughout San Diego County and the important role our industry plays in the region's economy.

I would like to personally thank my fellow board members for their leadership, dedication and partnership throughout my tenure. Their commitment to our industry and our dealers is sincerely appreciated.

Most importantly, thank you to all of our dealer members for your continued support and involvement with the association. I encourage each of you to remain engaged and proactive with the NCDA as we continue working together to strengthen and protect our industry for the future.

Sincerely,

Paul Dyke
Chairman, New Car Dealers Association

The POWER *of* PRESENCE

How the San Diego International Auto Show Accelerates the Vehicle Purchase Journey

For years, industry observers have debated whether auto shows remain relevant in an increasingly digital world. Consumers can research vehicles online, compare features on manufacturer websites and watch countless reviews before ever stepping onto a dealership lot.

Yet the results from the 2026 San Diego International Auto Show tell a different story.

Consumers still want to see vehicles in person. They want to compare competing models side by side. They want to ask questions, experience new technologies and, increasingly, get behind the wheel before making a purchase decision.

More importantly for dealers, those experiences continue to influence what consumers ultimately buy. The show's impact extends even further, as net proceeds from the show provide most of the funding that supports the New Car Dealers Association's advocacy, education and member services throughout the year.

Car buyers still want to see vehicles in person, compare models side by side and ask questions. Seventy-seven percent of San Diego Auto Show attendees said the show influenced their vehicle purchase decisions.

Post-show research revealed that 77% of attendees said the San Diego International Auto Show influenced their vehicle purchase decisions. Nearly 30% added brands to their consideration list after attending. Conversely, 18% removed brands from consideration because they were not represented at the show.

Those numbers should command the attention of every dealer.

The implication is simple: Consumers cannot buy vehicles they are not considering, and they are less likely to consider vehicles they never have the opportunity to experience.

Highlights included more than a dozen debuts and new releases, the world debut of the Ram TRX, 34 EV models from 16 brands, 11 participating ride-and-drive brands and a 15% increase in daily attendance. Throughout the show, shoppers compared vehicles side by side, measured cargo areas, evaluated technology and spoke directly with product specialists.

From product launches and luxury showcases to EV experiences, test drives and enthusiast culture, the show accelerated the purchase journey while creating meaningful connections between consumers and brands.

As one attendee explained, "The easiest way to get to know various brands and models is at the auto show. In a couple of hours, I can do what would take days."

DISCOVERY CREATES OPPORTUNITY

One of the most compelling findings from this year's research involved brand discovery.

Attendees repeatedly reported adding brands and vehicles to their consideration sets after seeing them at the show. Others openly acknowledged eliminating brands that were not represented. And more than one in five attendees reported relying on the auto show for the majority of their vehicle shopping research.

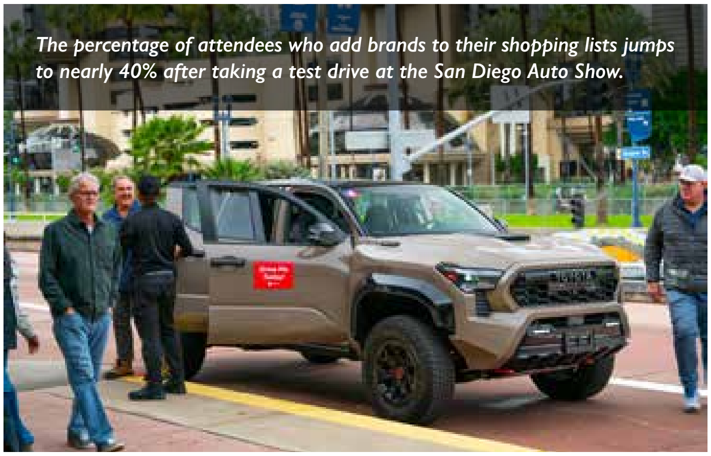
One attendee put it bluntly: "If you don't go, you don't get my business. Period."

Another noted, "Auto shows put them back into consideration for [attendees]. If automakers do not participate, they will be forgotten by the consumer."

Luxury participation provided a strong example. One attendee remarked, "My first exposure to Infiniti was at the San Diego Auto

"We bought a different model vehicle after seeing it in person at a previous auto show and comparing it to the brand we thought we would buy," said one 2026 San Diego Auto Show attendee.

More than one in five San Diego Auto Show attendees report relying on the auto show for the majority of their vehicle shopping research.



The percentage of attendees who add brands to their shopping lists jumps to nearly 40% after taking a test drive at the San Diego Auto Show.

Show, and it directly influenced my interest in the brand — far more effectively than any advertising I had seen."

For dealers whose manufacturers are absent from the show, these findings should be particularly concerning. Every absent brand creates an opportunity for a competing manufacturer to capture consideration that might otherwise have gone elsewhere.

SEE IT. COMPARE IT. DRIVE IT.

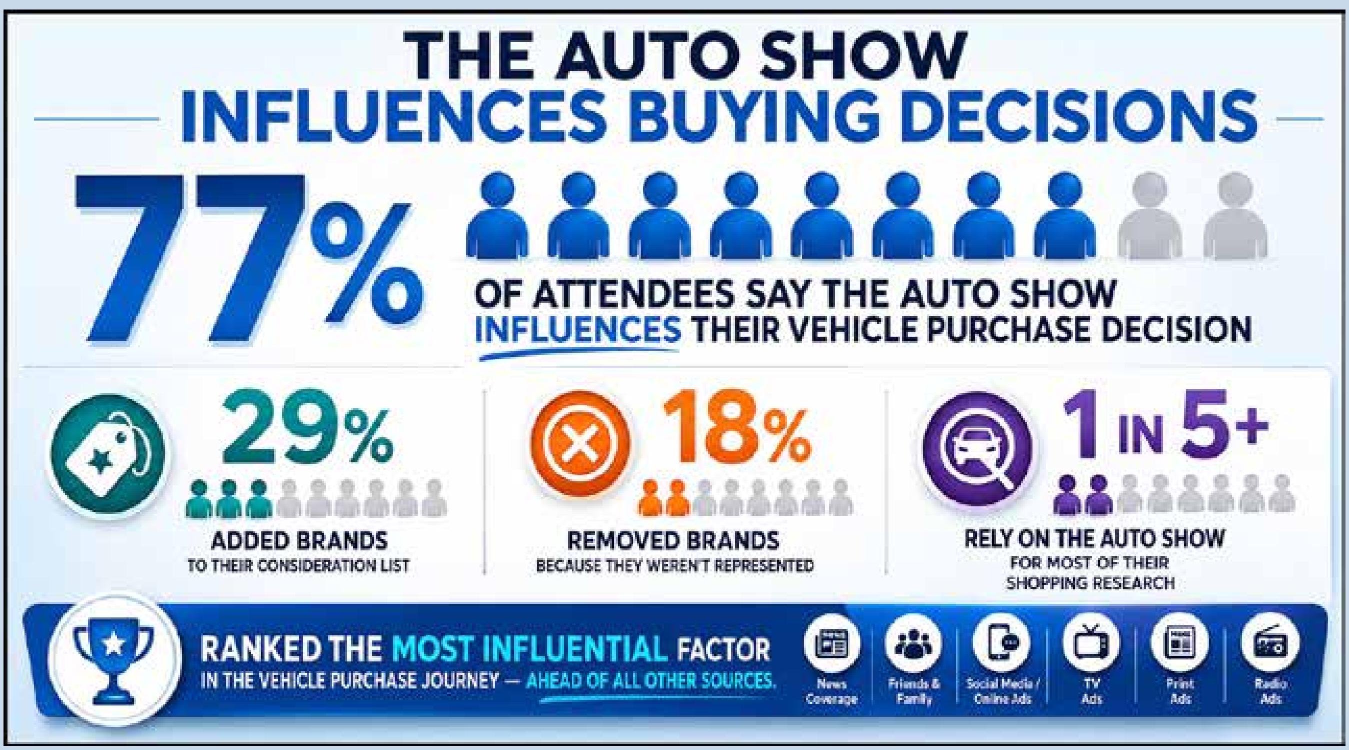
The San Diego International Auto Show offers something few automotive marketing platforms can match: the ability to combine product discovery with real-world experiences on the EV Test Track and on the streets of San Diego via Street Test Drives.

One in two participants on the EV Test Track was introduced to a new vehicle they had never considered before. Nineteen percent had never ridden in an EV before attending the San Diego Auto Show.

The 2026 show featured 11 participating brands offering ride-and-drive experiences across 25 different gas, hybrid and electric vehicles. The EV Test Track featured Cadillac and Ford, while Street Test Drives were offered by Alfa Romeo, Chrysler, Dodge, Fiat, Jeep, Lucid, Ram, Toyota and VinFast.

Together, these programs gave consumers the opportunity to move beyond static displays and experience vehicles firsthand.

The impact was measurable. Forty-nine percent of EV Test Track participants were introduced to a vehicle they had never previously considered. Forty-four percent of Street Test Drive participants reported the same outcome.



Discovery becomes confidence when consumers get behind the wheel.

San Diego remains one of the top EV markets in the nation. Sixteen percent of SDIAS attendees already own an EV, and 23% are more likely to consider one after attending the show.

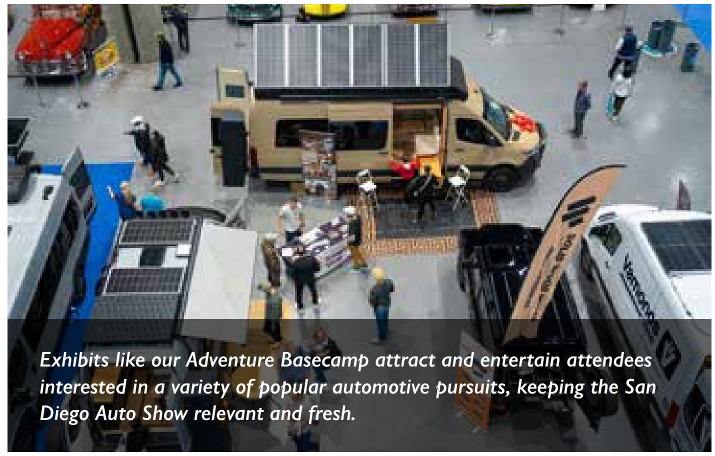
WHY EV EDUCATION MATTERS MORE THAN EVER

Electric vehicles accounted for more than 20% of all new vehicle sales in San Diego County last year, underscoring the continued importance of EV education and consumer engagement.

The 2026 San Diego International Auto Show was fully charged with 34 different EV models from 16 brands available for consumers to explore, compare and experience.

More than 50% of attendees reported being more likely to consider purchasing an EV after test-driving one at the show. Forty percent said they were more likely to consider an EV after participating in the EV Test Track.

As one attendee observed, "Seeing, touching and experiencing a vehicle in real life still matters."

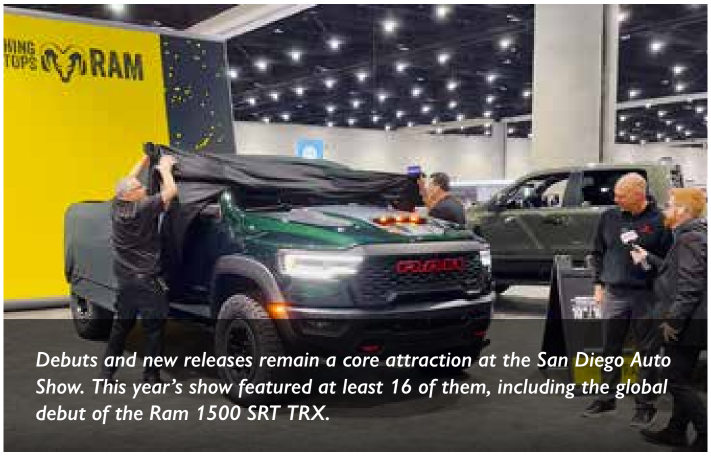


Exhibits like our Adventure Basecamp attract and entertain attendees interested in a variety of popular automotive pursuits, keeping the San Diego Auto Show relevant and fresh.

BUILDING TOMORROW'S CUSTOMERS

The auto show is not only about today's buyers; it is also about tomorrow's drivers.

Young enthusiasts gathered around performance and specialty vehicles while families introduced younger generations to automotive brands,



Debuts and new releases remain a core attraction at the San Diego Auto Show. This year's show featured at least 16 of them, including the global debut of the Ram 1500 SRT TRX.

technology and culture. These interactions create lasting impressions and long-term brand affinity that can influence future purchasing decisions.

COMMUNITY IMPACT AND AMPLIFYING THE EXPERIENCE

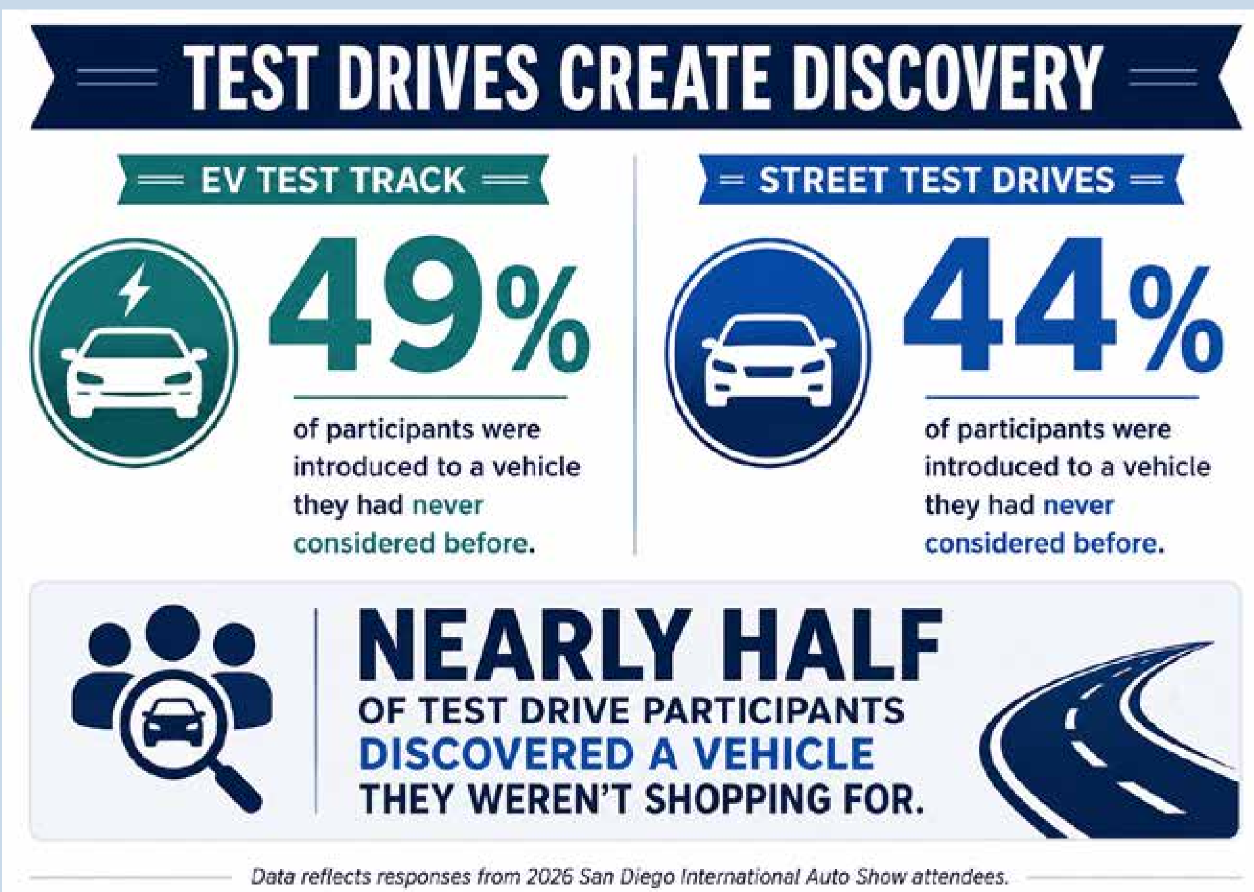
The GoldenBoy Mobility Zone showcased adaptive vehicles and mobility solutions designed to improve transportation accessibility. Family Day welcomed children 12 and under free of charge, while Toyota stepped up as the Military Appreciation sponsor, helping distribute thousands of complimentary tickets at San Diego County Toyota dealerships to active-duty and recently retired military personnel.

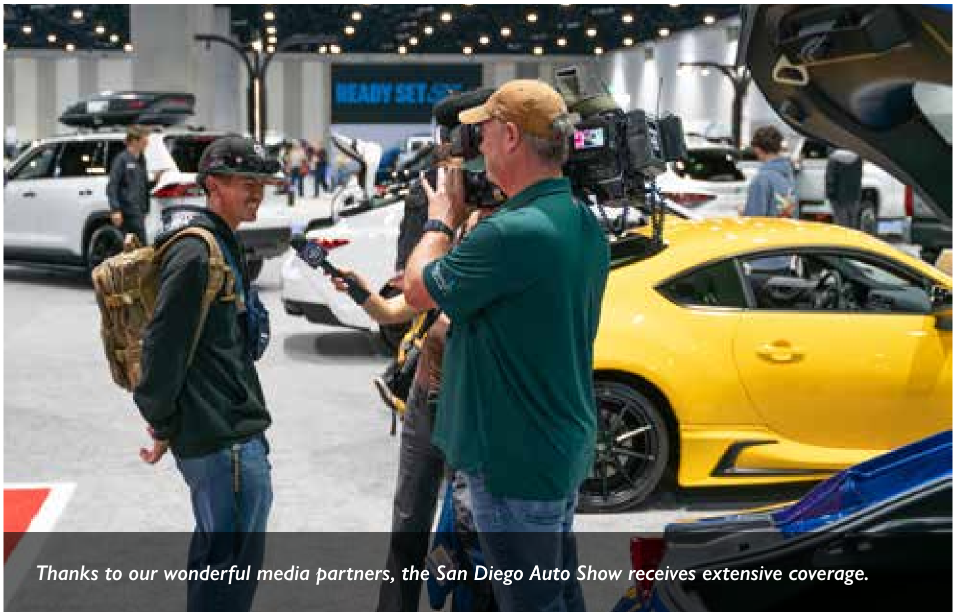
The show's impact extended well beyond the exhibit hall. Local television stations, radio outlets, digital publishers and news organizations provided extensive coverage throughout the event. Live and recorded segments aired across the region, while promotional campaigns generated millions of impressions across television, radio and digital platforms.

The San Diego Auto Show celebrates Southern California car culture with a variety of exhibits to enhance the show experience and attract future car buyers.

MEETING BUYERS EARLIER IN THE JOURNEY

As manufacturers increasingly rely on regional teams and dealer groups to engage consumers higher in the purchase funnel, the San Diego International Auto Show continues to evolve to meet those needs.




Thanks to our wonderful media partners, the San Diego Auto Show receives extensive coverage.


There is no substitute for the quality of in-person engagement with actual in-market car buyers.

To encourage absent brands to return and maximize exhibitor ROI, the show offers affordable turnkey participation packages for OEM regions and dealer groups. These programs can include exhibit space, branded display properties, vehicle logistics, product specialists, lead-generation support and dealer-supported ride-and-drive programs.

Acura, Chevrolet, Honda, Ineos Grenadier, Lincoln, Mitsubishi and Stellantis dealers have successfully utilized many of these services in recent years, allowing them to focus on consumer engagement while minimizing operational complexity.


The journey from aspiration to inspiration begins at the auto show.

The kids are entertained while the parents comparison shop, a scene repeated over and over throughout the San Diego Auto Show.

"My first exposure to Infiniti was at the San Diego Auto Show … and it directly influenced my interest in the brand … far more effective than any advertising I had seen." Forty-eight percent of vehicles owned by auto show attendees are luxury-brand vehicles.

LOOKING AHEAD

The automotive retail environment will continue to evolve. Digital tools will become more sophisticated. Consumers will continue researching online.

But the 2026 San Diego International Auto Show reinforced an important lesson for dealers: Purchase decisions are still heavily influenced by real-world experiences.

Consumers want to compare vehicles. They want to ask questions. They want to experience new technologies. They want to drive vehicles before making decisions.

And increasingly, they want to do all of those things in one place.

For dealers, that means the San Diego International Auto Show is more than an industry tradition. It remains one of the most effective opportunities to influence consideration,

San Diego Automotive Technology Career Day

On March 12, the CNCDA Foundation and the New Car Dealers Association San Diego County hosted the San Diego Automotive Technology Career Day at San Diego College of Continuing Education. This was the third year for this event — which was created by the CNCDA Foundation, in cooperation with the NCDA — for dealers to engage local high school and college auto tech students, and to help fill the labor pipeline with future auto technicians for San Diego County new car dealerships.

This year's program was updated to effectively be two events in one: a career discovery field trip for high school students and a job fair for 18+ students and adults seeking immediate employment. The high-energy event brought together auto industry professionals and influencers (including OEs and dealers) who were excited to introduce students to rewarding and lucrative career opportunities in dealership service departments.

After an initial assembly that featured a panel discussion of current technicians, students rotated through a variety of breakout sessions that taught them lessons in everything from specific auto technologies to soft skills. More than 250 high school auto tech students from all corners of San Diego County attended.

Towards the end of the day, the event transitioned to a job fair for 18+ job seekers, which was attended by Mossy Volkswagen/ Mitsubishi, Maverick Toyota, Kaizen Auto Group and Dalton Auto Group.

Manufacturer support came from Kia, Hyundai, BMW and Ford, with additional support from Milwaukee Tools and WD-40.

WELCOME
New Associate Member!

HAIG PARTNERS

Haig Partners is a leading buy-sell advisory firm that helps owners of higher-value auto dealerships maximize the value of their businesses when they are ready to sell. The team has advised on the purchase or sale of more than 575 dealerships and has represented 32 dealership groups that qualify for Automotive News' Top 150 Dealership Groups list, more than any other advisory firm.

Haig Partners' professionals bring deep industry experience as former executives with organizations including AutoNation, Bank of America, Credit Suisse, Deloitte, Forvis Mazars, J.P. Morgan, Lexus, Porsche and Toyota Financial Services. Leveraging unmatched expertise, proprietary data and extensive industry relationships, Haig Partners guides clients through a confidential, customized sales process to achieve successful outcomes.

The firm authors The Haig Report®, the industry's leading quarterly analysis of auto retail and dealership valuation trends, and co-authors NADA's Buying and Selling a Dealership guide.

PRIVACY and Wearable Recording Devices

What California Businesses Should Know About SB 1130

By **Christian J. Scali**, Managing Shareholder, Scali Rasmussen

California's proposed SB 1130 raises a practical question for businesses: How should employers respond when employees, customers, vendors or visitors use wearable devices that record audio or video in the workplace?

These devices add further complexity to privacy, operational and compliance concerns. Businesses should stay informed as these laws develop and continue to comply with existing California privacy laws.

WHAT SB 1130 WOULD DO

California's proposed SB 1130 would expand the California Invasion of Privacy Act to address wearable recording devices such as smart glasses and body-worn technology. As introduced, the bill would prohibit a person from using a wearable recording device to capture sound or video of another person in an area within a place of business where that person has a reasonable expectation of privacy, unless the operator first obtains explicit consent.

The bill would also prohibit disabling a light or other indicator showing that the device is recording. Commentary on the proposal further notes that the new provisions would likely fall within CIPA's private right of action, creating potential exposure to statutory damages of $5,000 per violation.

WHY THIS MATTERS FOR BUSINESSES

For employers, the issue is broader than whether someone records a conversation. A workplace may include reception areas, retail floors, open offices, conference rooms, HR offices, break rooms, healthcare settings, customer service counters and private offices where sensitive information is regularly discussed, displayed and processed. A wearable device may capture not only what is said, but what can be seen in the surrounding environment.

That distinction matters under California privacy law. Courts have repeatedly made clear that privacy is not an all-or-nothing concept. In Sanders v. American Broadcasting Companies, Inc., 20 Cal. 4th 907 (1999), the California Supreme Court held that employees in a nonpublic workplace may still have a limited but legitimate expectation that their interactions will not be secretly videotaped, even if coworkers could have overheard them. In Hernandez v. Hillsides, Inc., 47 Cal. 4th 272 (2009), the Court explained that workplace privacy depends on context, including the nature of the intrusion, the setting and the employee's reasonable expectations under the circumstances.

PUBLIC AREAS VS. SENSITIVE AREAS

For businesses, that framework is more useful than a simple "public versus private" label. A retail floor, lobby or reception area is generally more open than an HR office, manager's office, conference room, treatment room, finance office or other restricted-access area. But even in more public-facing areas, recording can create privacy risk when it captures sensitive information visible in the background.

Consider a smart-glasses recording made during an ordinary customer interaction. The device may capture a driver's license on a desk, payment information on a monitor, another customer's account discussion nearby, employee records, confidential business materials or proprietary information visible during the interaction. In that situation, the concern is not limited to the conversation itself; the surrounding data environment may be the greater problem.

WHY WEARABLES ARE DIFFERENT

Wearable devices present a different challenge than an ordinary phone camera. They may be less noticeable, operate hands-free and make it harder for others to tell whether recording is taking place. That uncertainty alone can create tension in settings where sensitive information is routinely handled.

The issue can arise on both the employee side and the visitor side.

For employees, wearable devices create concerns in HR settings, management meetings, healthcare environments, finance functions, confidential project discussions and other spaces where personnel, compensation, customer or strategic information is discussed. Even where no improper recording occurs, uncertainty over whether an employee is recording can create immediate operational problems.

For customers, clients, vendors and visitors, the issue is different but no less real. A person wearing smart glasses during a meeting, transaction or service interaction may believe he or she is documenting only that event. The device may also capture another person's information, documents left in view or screens displaying private data. Depending on the location and circumstances, that may raise privacy concerns independent of the user's original intent.

A RECENT REMINDER: THE ZUCKERBERG INCIDENT

The recent courtroom incident involving Meta glasses is a useful reminder of how these devices are perceived. In February 2026, a judge reportedly threatened Mark Zuckerberg's entourage with contempt after they wore Meta AI glasses into a courtroom where recording was prohibited, highlighting how seriously decision-makers may react when others cannot easily determine whether recording is occurring.

PRACTICAL STEPS BUSINESSES CAN TAKE NOW

While questions remain about how broadly SB 1130 will be applied, compliance under existing California privacy laws is always a priority for business owners. Compliance measures that should be considered include up-to-date employee and visitor-facing policies, training for managers and front-line staff, physical safeguards like privacy screen filters and scheduled reviews of industry-specific obligations.

Wearable technology may be moving into everyday business settings faster than the law can fully adapt, but staying vigilant with general privacy law compliance remains the best way to protect your interests.

The information in this article is not intended to be legal advice and does not create an attorney-client relationship. You should consult an attorney for advice regarding your unique situation.

California Requires Retailers to Collect a New Recycling Fee on Embedded Batteries

By **Sam Celly**, MS, JD, CSP, President and CEO, Celly Services Inc.

Effective Jan. 1, 2026, retailers doing business in California — including automotive dealerships — must comply with the newly established Covered Battery-Embedded Products (CBE) Waste Recycling Fee, administered under Senate Bill (SB) 1215. Retailers must register with the California Department of Tax and Fee Administration (CDTFA) and collect the CBE fee at the point of sale or lease of applicable products.

The program is jointly overseen by CDTFA, CalRecycle and the Department of Toxic Substances Control (DTSC). It is intended to support statewide recycling of electronic products containing non-removable batteries. The new law expands the existing Electronic Waste Recycling Act of 2003 to include these "covered battery-embedded products."

WHAT IS A COVERED BATTERY-EMBEDDED PRODUCT?

Covered battery-embedded product means "a product containing a battery or battery pack that is not designed to be removed from the product by the consumer" (California Public Resources Code § 42464(d)(1), as amended by SB 1215, 2022).

What You Need to Know

- CDTFA has confirmed that retailers should reach out to their manufacturers to check which of the products they carry are subject to the CBE fee.
- Manufacturers must make this determination, share it with their retailers and provide an annual list to CDTFA.
- Fixed ops should determine which products you sell or lease that contain an embedded battery.
- Tax folks should determine the fee that is to be collected from customers.
- Accountants should create an account where the fee is to be routed.
- DMS should be set up to create language for the line item on invoices.
- Parts and service staff should be trained to explain the fee to customers.
- The business office must pay the CBE fee to the state on a quarterly basis.
- The CBE recycling fee generally does not apply to items replaced under a factory (mandatory) warranty. However, it applies to items replaced under an optional (extended) warranty.
- Dispose of CBE like your other e-waste. Set up for recycling and keep out of regular trash.

For more information, scan the QR code to view CDTFA's Covered Electronic Waste Recycling Fees Guide.

https://cdtfa.ca.gov/taxes-and-fees/covered-electronic-waste-recycling-fee/

EXAMPLES OF CBE AT DEALERSHIPS

- Consumer electronics
- EV-related accessories
- Diagnostic or programming devices
- Electronic tools or service accessories
- Tire Pressure Monitoring Systems (TPMS)
- Smartphones, tablets and similar sealed battery devices

Note: Key fobs are *not* considered CBE because they contain batteries that are designed to be easily removed by the user with common household tools.

More About TPMS Sensors

Many TPMS sensors contain sealed lithium batteries that are not easily user-replaceable. This design places TPMS within the scope of a CBE. As of early March, while no TPMS manufacturer has released official SB 1215 guidance, CalRecycle has provided guidance to manufacturers to help identify which products are classified as CBE on its website, accessible by scanning the QR code.

https://calrecycle.ca.gov/electronics/embeddedbatteries/noticeguide/

Dealerships should prepare for potential inclusion and closely monitor manufacturer updates.

EXCLUSIONS

The following are ***not*** classified as CBE:

- Certain medical devices
- Covered electronic devices (already subject to California's e-waste fee)
- Certain energy storage systems
- Certain electronic nicotine delivery systems

The following transactions are ***not*** subject to the CBE waste recycling fee:

- A sale for resale
- A sale to Native Americans on Indian country
- A sale of CBE products that the retailer ships directly to a location outside California when the transaction is not subject to California sales or use tax. The fee will apply if the buyer takes possession of the CBE products in California.

CBE FEE RATES

CalRecycle has now finalized the 2026 fee structure. This will be revised annually in October and will take effect Jan. 1 of the following year.

- 1.5% of the retail sales price
- Capped at $15 per product
- Effective Jan. 1, 2026
- Dealership POS systems will need to incorporate the percentage-based calculation and the per-item cap. They may retain 3% of the CBE waste recycling fee collected to reimburse all fee collection costs.

REGISTRATION TIMELINE

CDTFA opened online registration for the CBE Waste Recycling Fee account on Nov. 19, 2025. Dealerships without CDTFA credentials (username, password or seller's permit) must create them using the "Sign Up Now" feature in the CDTFA Online Services Portal.

FILING REQUIREMENTS AND DUE DATES

Returns and payments are due on **the last day of the month following each calendar quarter**. For example, the first required reporting period was for the first quarter, Jan. 1 through March 31, for which the return and fee payment were due on or before April 30. The return is due on either a quarterly or yearly filing basis, and filing frequency is assigned when you register. You are required to file a return even if you did not have any reportable activity or do not owe an amount during the reporting period.

DEALERSHIP RESPONSIBILITIES

- Fee collection at POS (including leases)
- Filing CBE returns at assigned frequency
- Timely remittance of fees to CDTFA
- Retain 3% of fees as reimbursement for all fee collection costs
- Inventory review and system updates

Non-compliance may result in CDTFA penalties, interest and enforcement action.

DISCLAIMER: The contents of this article are merely for informational purposes only and are not to be considered as legal advice. Employers must consult their lawyer for legal matters and accountants for tax and fee-related matters.

Sam Celly of Celly Services Inc. has been helping automobile dealers comply with EPA and OSHA regulations since 1987. Sam received his BE (1984) and MS (1986) in Chemical Engineering, followed by a JD from Southwestern University School of Law (1997). Your comments/questions are always welcome. Please send them to sam@cellyservices.com.

CALIFORNIA DEALERSHIP VALUES ARE RISING, BUT VALUE MUST BE PROVEN

By **Jayson Crouch**, Managing Director, Haig Partners

California remains one of the most important automotive retail markets in the country. The state combines substantial household wealth and a deeply rooted car culture, as well as large technology, biotechnology and professional services sectors that continue to attract talent and support long-term consumer demand.

Investor interest in California dealerships has strengthened over the past year. As uncertainty surrounding emissions policy has eased, sophisticated dealership groups and well-capitalized investors have become more active. The attraction is clear. California offers scale, franchise scarcity, economic diversity and access to large, affluent customer bases that are difficult to replicate in other markets.

The work of the California New Car Dealers Association and local organizations such as the New Car Dealers Association San Diego County has also been important. Their continued engagement with legislators and regulators has helped bring greater clarity to issues affecting dealers, consumers and future investment. A more predictable operating environment tends to support buyer confidence, and stronger buyer confidence generally supports dealership values.

California led the nation in dealership buy-sell activity during the first quarter. Several meaningful transactions were publicly announced, although public announcements reveal only part of the market. Many dealership sales remain confidential until closing, and some transactions are never broadly disclosed. Current activity indicates that capital continues to seek high-quality dealership investments throughout the state.

The increase in demand is encouraging, but it does not mean every dealership will receive the same level of interest or achieve the same valuation.

Buyers continue to distinguish carefully among assets. Franchise strength, market demographics, facility requirements, real estate, competitive position, future capital needs and normalized earnings all influence value. The relationship between the brand and the local market also matters. A dealership that appears attractive based on historical performance may be viewed differently once buyers consider OEM expectations, future investment requirements or the strategic fit within their existing portfolio.

The quality and credibility of the information presented to the market can also shape buyer perception. Sophisticated buyers respond to a clear investment thesis, reliable financial information and a realistic explanation of future opportunities and risks. They are increasingly selective and more willing to walk away from opportunities that do not withstand scrutiny.

Buyer credibility is equally important. The highest initial indication is not always the strongest offer. Capital availability, OEM relationships, operating capability and internal decision-making all affect the likelihood that a transaction will close on the originally proposed terms.

California dealership values have improved, but market demand alone does not determine the outcome. Value is ultimately influenced by the quality of the asset, the clarity of the opportunity, the depth of buyer interest and the credibility of the transaction process. In a market attracting more sophisticated capital, those distinctions are becoming increasingly important.

HAIG PARTNERS SERVED AS THE EXCLUSIVE SELL-SIDE ADVISOR ON **MORE CALIFORNIA TRANSACTIONS IN Q1.**

HAIG PARTNERS
MAXIMIZING VALUE FOR DEALERS™

3 Transactions **4** Franchises

CALIFORNIA led the nation in dealership buy-sells.

16 Stores Traded Hands Statewide

Source: Automotive News, '1st-Quarter Dealership Buy-Sells Soar with California Leading States

SANTA MONICA — SOLD TO FLETCHER JONES AUTOMOTIVE GROUP

"From the beginning, it was clear to me that Jayson Crouch and the team at Haig Partners were the best choice. **Jayson's knowledge of auto retail, his experience with high-value dealerships, and his deep understanding of the California market allowed him to position our business in the best possible way."** – Del Montell, Former Owner, Santa Monica BMW

Exclusive Sell-Side Advisor | January 2026

hello AUTO GROUP

SOLD TO JERRY SEINER DEALERSHIPS

SOLD TO GHREIWATI HOLDINGS

"Alan Haig, Jayson Crouch and the Haig Partners team did a fantastic job representing the interests of all board members and securing an excellent outcome. **They ran a confidential and disciplined process, executed every step with professionalism and maintained alignment across a complex group of stakeholders.** They never overpromised but delivered a result that reflected the strength of the business while maintaining transparency and integrity throughout."

– Paul Walser, Partner and Board Member of Hello Auto Group and Partner of Walser Automotive Group.

Exclusive Sell-Side Advisor | March 2026

Jayson Crouch
Managing Director
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5 Costly Employee Classification Mistakes California Employers Make

Your 5-Step Action Plan to Avoid Them

By **Aaron Cargain**, Partner, Fisher Phillips

The federal government is working on business-friendly changes to rules covering independent contractor arrangements and overtime pay requirements, but California employers may not reap the benefits. Employers in the Golden State are subject to labor and employment rules that are stricter or more protective for employees than federal laws, and navigating compliance can be tricky. This article will walk you through everything you need to know about recent federal wage and hour changes, the unique rules that impact your California operations and your five-step action plan to avoid costly mistakes.

QUICK FEDERAL RECAP

There are two big rules brewing from the U.S. Department of Labor (DOL) that employers across the country should be tracking:

- The DOL is advancing a rule to modernize its approach to determining whether a worker is an **independent contractor** or employee under federal wage laws. If finalized, the proposal from the Trump administration will make it easier for businesses to engage with independent contractors — including freelancers and gig workers — while providing clearer lines on what aspects of the working relationship can trigger employee status.
- Additionally, the agency officially removed a Biden-era **overtime rule** from its regulations. The rule, which had already been struck down in court, would have raised the earnings threshold to nearly $60K for certain executive, administrative and professional employees to be exempt from overtime pay requirements. The DOL's recent move affirms the $35K salary threshold implemented by the first Trump administration in 2019.

The moves were welcome news for the business community — but may not offer relief for companies subject to California's rules. Understanding the top five employee classification mistakes California employers make can help you avoid making them yourself.

1 FAILING TO QUANTIFY EXEMPT DUTIES

Employees generally must be paid 1.5 times their regular rate for hours worked beyond 40 in a workweek, but the Fair Labor Standards Act (FLSA) has several exemptions from overtime pay requirements, including for executive, administrative and professional (EAP) positions. Federal rules outline certain duties individuals must perform to qualify for those exemptions.

California also uses the EAP categories, but there are some key differences. For example, while federal and California law each require exempt work to be the employee's primary duties, federal law doesn't set a fixed amount of time for those duties. California, on the other hand, generally requires that the employee spend more than 50% of their time on exempt work to qualify for the EAP exemptions.

So, a position could be exempt from overtime under federal law but considered overtime-eligible under California law, and still subject to California's meal-and-rest period requirements. California's Wage Orders and the authority interpreting them emphasize that California's duties and salary tests, which are more stringent than the federal tests, must be satisfied.

Employer Impact: Employers that fail to account for this "primary duty" nuance could unintentionally misclassify employees as exempt under California law and be on the hook for unpaid overtime wages, meal-and-rest period premiums and related penalties.

2 IGNORING ADJUSTMENTS TO THE STATE MINIMUM WAGE

Here's another key difference under the EAP exemptions: Under federal law, these white-collar exemptions generally require a salary of at least $684 per week. California, however, ties the threshold to the state minimum wage and requires exempt employees to earn at least two times the state minimum wage for full-time work.

That means California's minimum exempt salary changes whenever the state minimum wage changes. For example, California's statewide minimum wage was raised to $16.90 in 2026. Therefore, the salary threshold for EAP-exempt positions also increased to $70,304, based on a 40-hour workweek.

Employer Impact: California's statewide minimum wage regularly increases, typically in January. You'll need to monitor these changes even if you don't employ minimum wage workers to ensure compliance with the exempt salary threshold.

3 MISCLASSIFYING EMPLOYEES AS OUTSIDE SALES PROFESSIONALS

California's **outside sales exemption** also has some important distinctions from federal law. As with the EAP exemptions, rather than simply focusing on the employee's primary duties, the outside sales exemption is quantitative and applies to an employee who "customarily and regularly works **more than half the working time away from the employer's place of business** selling tangible or intangible items or obtaining orders or contracts for products, services or use of facilities."

Employer Impact: Relying solely on job titles or general sales responsibilities is a liability risk, and employers may face misclassification claims for the failure to pay minimum wage, unpaid overtime, unpaid meal-and-rest period premiums and related penalties.

4 MISUNDERSTANDING CALIFORNIA'S UNIQUE EXEMPTIONS

The Golden State has additional exemptions to overtime pay that differ from the federal level. For example, California's wage-order guidance says inside sales professionals who work in **professional, technical, clerical, mechanical and similar occupations**, as well as certain positions in the mercantile industry, are exempt from overtime when their earnings exceed 1.5 times the minimum wage and commissions make up more than half of their pay.

Employer Impact: The calculations can be complicated. It's best to regularly audit your commission structures and pay data to ensure compliance, because misclassifying employees under these rules can result in costly litigation.

5 USING THE WRONG TEST TO DETERMINE INDEPENDENT CONTRACTOR STATUS

Up until this point, we've been talking about exemptions from minimum wage and overtime pay. But independent contractor misclassification is also a major compliance challenge in California.

When it comes to determining whether an independent contractor is in business for themselves or an employee of a certain entity, the federal government and California use dramatically different tests.

California has a much stricter approach compared to the federal DOL, which presumes a worker is an **employee** unless a hiring entity can meet three factors.

California's ABC test requires the employer to prove the worker is:

- free from control and direction;
- performs work outside the company's usual course of business; and
- customarily in an independently established trade or business.

But the analysis doesn't stop there. California's worker classification test has carve-outs and exemptions for certain industries and positions, such as real estate agents, physicians, accountants and engineers. Those exemptions allow state agencies and courts to apply a more flexible common law test, so be sure to contact legal counsel to determine whether your industry may be subject to one of these exemptions.

By comparison, the federal DOL uses a broader "economic realities" analysis that considers multiple factors across the entire working relationship. Under federal law, the DOL's approach asks whether the worker is economically dependent on the business or operating their own business, using a multi-factor totality-of-the-circumstances test.

The Trump administration recently proposed a rule that is expected to generally make it easier for businesses to hire contractors and reduce misclassification risks. The test proposed by the DOL's Wage and Hour Division considers five factors, placing greater weight on:

- the individual's **control over the work**; and
- their opportunity for **profit or loss**.

If a worker's status isn't clear based on those two core factors, the proposal instructs businesses to look at:

- the amount of skill required for the work;
- the degree of permanence of the working relationship between the individual and the potential employer; and
- whether the work is part of an integrated unit of production.

Fisher Phillips will be monitoring updates closely as the DOL reviews comments and finalizes its updated independent contractor rule. However, even if the federal government issues a business-friendly rule, California companies will still have to comply with the stricter and more controversial state ABC test.

Employer Impact: The independent contractor determination can be critical for a business, as both California and federal law provide employees with minimum wage, overtime pay and numerous other protections, while independent contractors don't receive those benefits. Making the wrong call can lead to costly back pay, litigation and other penalties.

YOUR 5-STEP ACTION PLAN

Businesses that are subject to more than one set of laws governing how they classify and pay their workers are generally required to follow the stricter standard. For employers operating in the Golden State, this means you will largely need to follow California's more onerous rules.

Recent and pending changes at the federal level will be felt more by California employers with workers outside the state, or for businesses that need to comply with both state and federal standards in a multistate workforce. For your California operations, consider taking these steps now to ensure compliance:

1. **Stay Up to Date on State Rules:** California employers should not apply federal rule changes when they are less protective than state law. Instead, you should follow California's unique rules, which are generally more stringent and nuanced than federal law.

2. **Track Minimum Wage Changes:** Because California's exempt salary thresholds are tied to the state minimum wage, you'll need to monitor and plan for increases, which regularly take effect at the beginning of the year.

3. **Review Job Descriptions and Actual Job Duties:** Regularly review employee job descriptions and update them as needed. Be sure to compare them to employees' actual job duties to ensure exemptions are applied correctly under California's stricter standards. You should also evaluate independent contractor relationships to confirm they satisfy California's ABC test.

4. **Audit Your Pay Practices:** Consider auditing your current pay practices and contractor arrangements under both state and federal law. Confirm that your current classifications under overtime exemptions and the ABC test for independent contractors can survive the stricter California analyses. For exempt commissioned employees, ensure commissions constitute more than half of their earnings. From a bigger picture perspective, you'll want to ensure all California wage-order requirements are satisfied.

5. **Consult with Counsel:** Your Fisher Phillips attorney can assist with reviewing your current pay and classification practices.

We will continue to track developments on both overtime and worker classification rules, so make sure that you are subscribed to Fisher Phillips' Insight System to get the most up-to-date information. If you have compliance questions, consult with your Fisher Phillips attorney or any member of our Wage and Hour Practice Group to assess and minimize potential risks.

Has Your Dealership Considered a Medical Captive?

By **Alison McCallum**, Principal, EPIC Insurance Brokers

Auto dealerships are under increasing pressure from rising healthcare costs, unpredictable renewals and little visibility into where their benefit dollars are actually going. Has your dealership considered a medical captive?

Medical stop loss group captives can offer a smarter, more strategic alternative — combining the flexibility of self-funding with the protection of shared risk. Whether you operate a single rooftop or a multi-location group, this model allows you to design a benefits plan around your workforce, with control over deductibles, networks, TPAs and pharmacy programs — without being locked into a one-size-fits-all fully insured plan.

What makes captives especially powerful is the shift from being a passive buyer of insurance to an active participant in your financial outcomes. Dealerships in captives can benefit from:

- **Stabilized Costs:** Reduce renewal volatility and avoid constant carrier changes.
- **Profit Retention:** Potential to earn back unused underwriting dollars as dividends.
- **Full Transparency:** Clear insight into claims, cost drivers and where your money is going.
- **Data-Driven Decisions:** Ability to evaluate vendor performance and optimize your plan.
- **Custom Cost Management:** Tailor networks, PBMs and plan design to your specific workforce.
- **Collaborative Advantage:** Learn and share best practices with other high-performing companies.

Dealerships that continue to rely on traditional insurance can remain stuck reacting to increases each year. Captives can allow you to gain control, improve outcomes and position your benefits program as a financial advantage instead of a fixed expense. Have you explored whether a medical stop loss captive is the right fit for your dealership?

Would you like to see a comparison of how captive insurance differs from traditional self-funding? Partnering with an experienced broker who is well-versed in the unique dealership industry is indispensable. If you would like more information on captives, Alison McCallum of EPIC will provide details to NCDA members at no cost.

EPIC ranks among the top 15 retail insurance brokers in the United States and is the largest insurer of auto dealers in the state. Alison McCallum has been in the employee benefits industry for over 20 years and personally works with more than 80 California dealerships. She is a principal with EPIC Insurance Brokers and Consultants, the CNCDA's only licensed employee benefits broker. With this partnership, EPIC offers unique dealership expertise and services available to NCDA dealer members at no cost. If you have questions or would like further information, please feel free to contact her at alison.mccallum@epicbrokers.com or (949) 417-9136.

First Quarter 2026 Released April 2026

San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market

NEW CAR DEALERS ASSOCIATION SAN DIEGO COUNTY

FORECAST

County New Vehicle Market Predicted to Decline 3.4% in 2026

Key factors boosting new vehicle sales

Pent up demand. New vehicle sales since the onset of the pandemic have been below average. And the Great Recession of 2009 was called great for a reason: it took nearly seven years for sales to return to normal levels. Due to this extended period of below-average sales, the vehicle fleet is aging (see below). Vehicle purchases have been postponed, which will provide support to the market.

Consumers have incentive to upgrade. Average age of vehicles in operation has reached an all-time high. No question, modern vehicles are built better and last longer, but today's models offer many upgraded features vs. the average 12.5-year-old car. Passive and active safety technology, advanced infotainment options, and alternative powertrains are just a few examples. Many vehicle owners have a strong incentive to upgrade.

Declining interest rates? Prior to the Iran war, the prospects were good for interest rates to fall during 2026. But the war and subsequent increases in oil and gasoline prices have brought that into question. Lower finance rates are critical for improving affordability, which is the primary negative for the market.

Key factors holding back new vehicle sales

New vehicle affordability. Finance costs remain elevated due to high interest rates, vehicle transaction prices are hovering around $50,000, and income growth is barely keeping pace with inflation. Manufacturers can alleviate price pressures by reducing content levels and offering more affordable models, but these adjustments take time.

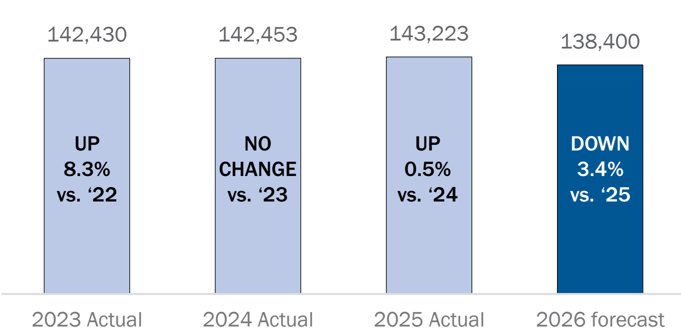
Tariffs. Higher tariffs will negatively impact new vehicle sales in 2026. Up until now, manufacturers and dealers have largely absorbed the costs, but eventually, consumers will feel the effects. Tariffs also lead to increasing inflation in the economy, which reduces disposable household income.

Uncertainty. Forecasting auto sales is always challenging, but the past 15 months have been particularly unpredictable. Unforeseen events like fluctuating tariff rates, the phase-out of BEV tax credits, the war in Iran, and rising gasoline prices have all thrown uncertainty into the outlook. Largely as a result of this ongoing tumult, consumer confidence has plummeted to near record-low levels. Heightened uncertainty makes people reluctant to make big-ticket purchases, like automobiles.

Key Trends in County Market

- County new retail light vehicle registrations are predicted to decline 3.4% for all of this year versus 2025.
- Registrations in the first quarter of 2026 slipped to 32,584 units, off by 10.7% from a year earlier and below the previous five year average (see page 2). The U.S. market declined 8.8%.
- BEV and PHEV registrations fell by more than 43% in the first quarter of this year (see page 6). BEV market share fell to 14.1%
- Among top 25 sellers, Toyota, Lexus, Lucid, Ram, and Ford were the only brands to have increases in registrations so far this year (see page 5).
- Tesla Model 3 and Lexus NX are relatively strong performers in the county market (see page 7).

Forecast for County New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations from 2023 to 2025, and Auto Outlook's projection for 2026.
Historical data sourced from Experian Automotive.

Market Summary

	YTD '25 thru Mar.	YTD '26 thru Mar.	% Chg. '25 to '26	Mkt. Share YTD '26
TOTAL	36,503	32,584	-10.7%	
Car	8,477	7,198	-15.1%	22.1%
Light Truck	28,026	25,386	-9.4%	77.9%
Domestic	10,746	9,039	-15.9%	27.7%
European	5,669	4,546	-19.8%	14.0%
Japanese	15,991	15,674	-2.0%	48.1%
Other Asian	4,097	3,325	-18.8%	10.2%

Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), Tesla, Rivian, and Lucid. Other Asian includes Genesis, Hyundai, Kia, and VinFast.
Data sourced from Experian Automotive.

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10065 Mesa Ridge Ct.
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This magazine is designed and published by MBR Connect, formerly The newsLINK Group LLC | (801) 676-9722