



This Week

Meeting Date and Place

Thursday, March 4, 2010, at 12:15 p.m.....Cameron Park Country Club

Words of Wisdom

Words of Wisdom by **Steve Long**; Greeter **Bill Fister**; and **Tom Keating** at the front desk

Program

Eric Driever will discuss the vision for Cameron Park

Last Week



Auburn Rotarian and Past District Governor **Steve Snyder** talked about the state of the auto industry and speculated about its future in this country. Steve operates a dealership in Auburn for both Chevrolet and Subaru automobiles. Steve was recently a facilitator who helped the Cameron Park Rotary with a visioning exercise and he used his facilitation skills last week to conduct an interactive presentation, fielding questions as he went along.

The shake up in the auto industry has resulted in widespread closures of dealerships throughout the United States. Nationally, General Motors closed over 900 dealerships in the last eighteen months. Industry wide, over 25 percent of dealerships in the country have closed. Many of Steve's auto dealer friends have gone out of business, including four in the Auburn area alone. Those who managed to stay in business were those who had a good cash reserve, were debt free and had a strong will to stay in the business. There are numerous cases of dealers who actually mortgaged their homes in an effort to save the business and ended up losing both home and business. Compounding the problem for dealers who lost their franchise is that much of their capital was tied up in the physical facility and that single use facilities are very difficult to sell, particularly in the current economic environment.

Most of the dealerships closures were mandated by the manufacturers; many before the recent bailouts and even more in relation to the bailouts. The rationale for the closures remains a mystery to Steve and industry observers in general. Independent dealerships are the only resource for manufacturers to get their cars sold. The dealers take the risk of acquiring inventory, at no risk to the manufacturer. During the period leading up to the bailout, the Federal Government required GM and Chrysler to come up with plans for restructuring under bankruptcy protection. Several iterations of those plans were rejected, in part, because the government was insisting on more dealership closures. The reasons for these required closures were never explained, at least to the dealers.

Over the last several years, the market share of American auto manufacturers has experienced a significant drop. Concerns over the support from companies in bankruptcy has exacerbated that decline. Until recent years, General Motors had a market share close to 60%. In 2009, that share declined to about 23%. Ford has a 15.5% market share and Chrysler was down to 11% in 2009. Toyota's market share is 16% and Nissan is at 7%. Although holding a small share, Subaru has

increased market share from 1.2% to 1.9%. Other manufacturers who increased market share last year include Kia and Hyundai.

In terms of earnings, GM has lost 37.8 billion dollars over the last five years while Ford lost 14.6 billion over the same period. Steve said that Ford's CEO, who they recruited from Boeing, had anticipated many of the problems, liquidated assets and had the cash to survive without filing for bankruptcy. Even the Japanese automakers were hit by the tough times. Toyota experienced its first loss since 1937, going from a profit of 21 billion dollars to a loss of 3.9 billion dollars last year. Both Honda and Toyota have asked the Japanese government for loans. Steve estimates that there have been cuts to tens of thousands of Japanese auto worker jobs, leading to a dramatic increase in unemployment rates there. It should be noted that Hyundai, Kia and Subaru all reported modest increases in earnings over the same period.

Other issues hurting the auto industry include tight credit and high fuel prices. Buyers who would have easily qualified for auto loans in years past are being refused credit. On the other hand, Steve notes some improvement with loan rates now at about 6.5%, depending on individual credit ratings. Standards for receiving financing have definitely increased. When gas reached \$4 a gallon, sales of trucks and SUVs plummeted. Lost value for these vehicles has hit leasing programs hard because of their reduced value at the end of the leasing period.

Steve said that the "Cash for Clunkers" program was a boon to auto dealers. He observed that buyers were so focused on the rebates that they did not pay as much attention as in the past to the sales price. The result was that dealers were getting a much higher average price for the cars sold under this program. Asked about whether he would give a better price for someone paying cash for a car, Steve emphatically stated NO. Dealers count on significant rebates from lending institutions. Additionally, they want buyers to see the dealership finance manager who will attempt to sell accessories, such as undercoating, paint protection and fancy wheels. Overall, Steve explained that dealers make more profit on financing, parts and service than they do on car sales.

Looking to the future, Steve does not expect sales to return to the record highs from previous years. Prior to 2008, the auto industry in the United States sold 16 million cars in a year. That number dropped to 13 million in 2008 and 10.4 million in 2009. He expects that number to increase to exceed 11 million this year and projects an increase to 13 million in coming years. At the same time, he predicts big sales for used cars. Sale of used cars was down 5% in 2008 and was up by 5% in the following year. The number of available used cars is shrinking as the number of new cars diminish. When the number of new cars sold is less than the used cars going out of service, fewer used cars will be available. It is anticipated that this year the total number of cars on the road in this country will decrease by 3 million. This will create pressure to drive up the prices of used cars.

At this time, Steve has not made up his mind if the government bailout of auto manufacturers was a good or bad move by the government. For every auto industry job lost, he reports that twelve jobs overall are lost in our economy. GM and Chrysler received huge amounts from the government. Steve predicts that GM will survive, but is not nearly so optimistic with regard to Chrysler. At this time, GM is owned sixty percent by the government, 15 percent by the labor unions and 10 percent by bond holders. GM stock is not even listed. If all goes as projected, GM stock will be listed later this year and the general public will have an opportunity to invest (gamble) on their future.

Presidents Corner



WELCOME TIARRA:

The Rotary Club of Cameron Park has a new honorary canine member. **Irina Green** and **Rick Spicer** were showing off **Tiarra** their new dog in training to one day become a Canine Companion for Independence. Tiarra immediately won the hearts and minds of everyone and will be a most welcome addition to the club.

RI PRESIDENT IS COMING TO RENO:

President **Bill Gallant** announced that Rotary International President **John Kenny** will be attending the Annual District Conference in Reno. President Kenny will speak at the conference dinner on Friday evening, May 22, 2010. This is the first time that District 5190 has

been honored by a visit from the International President and District Governor **Janice Gage** is urging all Rotarians in the District who can make it to come and welcome President Kenny.

POLIO PLUS:

Debbie Miller reports that the club has raised \$500 toward the goal of \$3,000 set for each Rotary Club to send to Polio Plus. Rotary International is nearing the successful completion of its effort to eradicate polio from the face of the earth. This last fund raising drive is designed to complete the effort that is so close to being achieved. **Bob Dorr** reminded members that money contributed to Polio Plus counts toward your next Paul Harris award. Contributions listed in "Happy Bucks" below confirms that a number of members took this to heart with generous donations to Polio Plus this week.

PARK RENOVATION COMMUNITY PROJECT:

Pete Oliver reports that the ball field renovation project will get under way on April 10, 2010, and that both materials and volunteers will be needed for this work. Anyone who can help is urged to contact Pete to sign up.

ROTARY AT WORK T-SHIRTS:

Tom Keating is taking orders for the new Rotary at Work T-Shirts. You can always wear last year's fashion for Rotary at Work Day when the club will be ringing bells for the Salvation Army on April 24, 2010. On the other hand, you can expand your wardrobe with the 2010 shirt that comes in a darker blue. Contact Tom right away to order your 2010 T-shirt. More volunteers are still needed for Rotary at Work Day. Each member should try to put in at least two hours on this day if at all possible. Contact **Shiva Frentzen** to volunteer for an assignment.

Noted Rotarians



HAPPY BUCKS:

Happy Birthday:

We don't know how old **Bob Clarke** is, but we do know that he is once again older than **Art Cort**. Celebrating this day, **Ben Foulk** took the lead and the entire club gave a rousing rendition of "Happy Birthday" to Bob. A quintessential Rotarian, Bob generously remembered his own birthday by pledging \$100 to Polio Plus. Making the entire club happy, Bob also sprung for desert for everyone on this day and it was much appreciated by all concerned. Not to be outdone, **Bob Dorr** pledged \$100 to Polio Plus to honor wife **Barbara's** February birthday.

Ron Losel wasn't bragging about his age, but he gave \$7.80 to celebrate his birthday. **Tom Keating** remembered wife **Star** is one year younger by coming up with ten happy bucks. **Ben Foulk** returned

from Orlando where he went to see his eleventh grand child who was just three weeks old and he offered eleven happy bucks. When reminded of wife Gina's February birthday, he added another five happy bucks for her.

Speaking of birthdays, **Iain Marshall** had eighteen happy bucks for his youngest daughter **Emma** in England who just turned eighteen. On top of that Emma was just accepted to a University in Guilford, which is worth another \$10 from Iain.

Happy Anniversary:

Mike and **Trudy** are celebrating another year of matrimonial bliss for which Mike generously contributed \$100 to Polio Plus.

President **Bill Gallant** attempted to extract happy bucks from **Chuck LePere** for his anniversary with **JoAnn**. When it was pointed out that Chuck had already contributed for his anniversary, President Bill copped to his error and matched Chuck's original pledge of \$5.70.

President Bill also tried to double the contribution that **Art Cort** paid for his anniversary last month because it was only recently cited in the Mountain Democrat. Bell Ringer Art is exempt from all fines and was generous to donate once, never mind twice. Art did contribute \$5 to announce that the monthly Breakfast fund raiser in Latrobe was set for the final Sunday of each month.

Polio Plus

With the many donations to Polio Plus this week, **Ulla Petersen** wasn't the subject of any fines, yet she got into the spirit of giving and generously gave \$100 to this most worthy cause.

Late Again?

Never subtle with his entrance when coming in late, **Max Callaghan** is becoming a major contributor to the Rotary Club of Cameron Park. Late again this week, Max was good for twenty happy bucks.

Birthdays in March

Gary Gall

Irina Green

Norm Headley

Joe Ryan

Cathy Thornton

-----Spouses-----

Marilyn Bowen

Beverly Check

JoAnn LePere

Irina Green Spicer

Anniversaries in March

Sabrina & Alex Ho

Upcoming Calendar

March 4, 2010 - **Eric Driever** will discuss the vision for Cameron Park

March 11, 2010 - Club Music Contest

March 18, 2010 - **Shall Sinta** from Edmonton Alberta will speak on the origin of the Four Way Test

March 25, 2010 - **Sue Watson** from Snowline Hospice will speak to us about new programs available through that agency

April 1, 2010 - **Apiary Farming** will present program on bee keeping

April 8, 2010 - Club Assembly

April 15, 2010 - Polio Plus with **Al Frumkin**

April 22, 2010 - Red Hawk Casino field trip and Program with new General Manager

April 29, 2010 - Program with District Governor **Janice Gage**

May 6, 2010 - Vocational Day **Tom Keating** and **Norm Headley**

May 13, 2010 - NFIB (National Federation of Independent Business) **John Kabateck**

May 20, 2010 - tentative visit with Assemblyman **Ted Gaines**

May 27, 2010 - **Rick Spicer** will talk about **Canine Companions for Independence** Note: This meeting will be held at the CAMERON PARK COMMUNITY CENTER

Upcoming Words of Wisdom/Greeter Assignments

March 4, 2010 - Words of Wisdom: **Steve Long**; Greeter: **Bill Fister**; and **Tom Keating** on the front desk

March 11, 2010 - Words of Wisdom: **Irina Green**; Greeter: **Dave Bunje**; and **Cindy Sutorka** on the front desk

March 18, 2010 - Words of Wisdom: **Chris Moore**; Greeter: **Rick Spicer**; and **Shiva Frentzen** on the front desk

March 25, 2010 - Words of Wisdom: **Ron Losel**; Greeter: **Mike Collom**; and **Ulla Petersen** on the front desk

April 1, 2010 - Words of Wisdom: **Norm Headley**; Greeter: **Norm Headley**; and **Rick Spicer** on the front desk

April 8, 2010 - Words of Wisdom: **Rick Spicer**; Greeter: **Shiva Frentzen**; and **David Tavernetti** on the front desk

April 15, 2010 - Words of Wisdom: **Max Callaghan**; Greeter: **Ben Foulk**; and **Shiva Frentzen** on the front desk

April 22, 2010 - Words of Wisdom: **Bob Dorr**; Greeter: **Art Cort**; and **Cindy Sutorka** on the front desk

April 29, 2010 - Words of Wisdom: **Dee Russo**; Greeter: **Bob Clarke**; and **Cindy Sutorka** on the front desk

May 6, 2010 - Words of Wisdom: **Ben Young**; Greeter: **Cathy Thornton**; and **Cindy Sutorka** on the front desk

The Last Word



DATES TO REMEMBER:

March 2, 2010 - Monthly Board meeting at noon. Bass Lake Golf Course

April 8, 2010 - Club Assembly

April 15, 2010 - Area Speech Contest at the Sequoia Restaurant in Placerville. Cocktails at 6:00 p.m. Dinner and contest begin at 6:30 p.m.

April 17, 2010 - District Assembly in Reno

April 24, 2010 - Christmas in April. Ring a Bell for the Salvation Army.

May 21 to 23, 2010 - District Conference at the Grand Sierra Resort in Reno.

June 12, 2010 - **Wine at Town Center** (6:00 p.m. to 9:00 p.m.)

October 9, 2010-**Show and Shine**

Mike Neal has put together a photo series of highlights of the 20th Annual Show & Shine Event held on Saturday, October 10, 2009. The link is at the bottom of this web page.

Gear Up is written by **Art Cort, Jim Buckley** and **Rick Spicer**. Web site, photography, and artwork through the talents of **Mike Neal**.