



## More Bay Area auto dealerships closing

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Four GMC Pontiac Buick dealerships, located in Dublin, Newark, Colma and San Jose, have abruptly closed their doors, as a fresh wave of shutdowns and consolidations roils the ranks of Bay Area auto dealers in the new year.

About 100 employees lost their jobs because of the closure of Dublin Buick Pontiac GMC in Dublin and the shutdown of Fremont Pontiac GMC in Newark. Those East Bay operations closed Jan. 29.

An unknown number of employees were affected by the shutdown of Colma Buick Pontiac GMC in Colma and the closure of Capital Buick Pontiac GMC in San Jose. All four dealerships were owned by the same group, led by retail entrepreneur Ken Okenquist.

Separately, another East Bay dealership, Dublin Chevrolet/Hummer of Pleasanton/Dublin Cadillac, hopes to prosper by partly by consolidating other dealers into its operations. After Crown Chevrolet of Dublin closed last fall, some of those operations were consolidated into the what became the Chevy-Hummer-Cadillac dealership in Dublin. That dealership also sells Saturn and Saab vehicles.

Although Dublin Chevrolet/Hummer/Dublin Cadillac is doing well following the consolidations, city officials in Dublin say their city has been jolted by the loss of the dealerships that did close.

"We are disappointed that GMC is gone," said

Christopher Foss, Dublin's assistant city manager. "The GMC dealership was a large revenue generator for the city. We hope that in time that will be occupied by another automotive retail use."

Sluggish sales were among the key ailments to bring about the demise of the four dealerships. But one top executive with the Dublin dealership said the financing arm of General Motors Corp. created separate obstacles that enfeebled the quartet of stores.

"GMAC forced the dealerships out of business," said Gilbert Zamora, who managed Internet vehicle sales for the Dublin dealership. "GMAC is forcing a lot of dealers out of business."

Zamora said the automaker offered what he considered were difficult credit terms, known in the industry as floor plans, to finance vehicles they provided to the dealerships.

What's more, GMAC often required dealerships to carry the cost of rebates on vehicle sales for 30 to 40 days.

"We were breaking even or making a small profit at the Dublin dealership," Zamora said. "That's a big accomplishment in this day and age. But it wasn't enough. There were too many recipes for disaster out there."

Those constraints, coupled with the slump in sales, ultimately doomed the dealerships. But Zamora doesn't blame Okenquist, whom Zamora said was "a great owner."

Revenues from vehicle sales have declined sharply throughout California and Dublin is just one example of that slump.

During the third quarter of 2008, the July-

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September period, new and used vehicle transactions in Dublin generated about \$78.4 million. That was down 24 percent from the \$102.8 million in vehicle tax revenues that Dublin captured during the third quarter of 2007.

Sales of new and used vehicles accounted for 31 percent of Dublin's taxable sales during the third quarter of 2007.

But by the third quarter of 2008, that share produced by vehicle sales activity had dwindled to 27 percent, city figures show.

Newark officials also must ponder the loss of a GMC dealership.

"It's a dire time for domestic auto dealers," said Terrence Grindail, Newark's community development director. "We are very sad to lose GMC. We hope a new generation of auto dealers comes in here."

Other dealers in the area are using creative efforts to remain viable. Sales people at the Chevy-Hummer-Cadillac-Saab-Saturn dealership in Dublin said Tuesday the decision by owner Inder Dosanjh to consolidate other dealer operations seems to be working.

"The new location is better," Dosanjh said in an interview late last year, soon after the consolidation.

And the move also saved some jobs. Dosanjh said he brought over about 20 employees from the Dublin dealership that he bought in 2008.

"It's a matter of survival," Dosanjh said. "We're benefitting from economies of scale. We did the merger and our expense structure is better."

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