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CANADIAN CARWASH ASSOCIATION



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INDUSTRY FORUM

CAR WASH VOLUME REPORT

Based on the results of the Car Wash Volume Report (WVR), the third quarter of 2009 for the industry saw an increase of 5% in the number of washes per site nationally over the same time last year. For this period, the average price of those car washes rose 3.3%, up to \$7.57 per wash compared with \$7.32 for the same quarter of last year.

Wash site revenue, however, has trended downwards for 2009, with an average of \$60,481 per site for the first quarter, \$47,756 for the second quarter, and \$40,779 for the third quarter. This does follow seasonal trends, with the first quarter of each year averaging approximately a third of the business volume for the whole year. As the first quarter is the middle of winter, the importance of weather to the car wash industry is proved yet again.

Comparing the volumes and revenue for the first three quarters of 2008 and 2009 would then be more illustrative of the industry's performance. Carwash volumes went up from 18,928 to 19,890 cycles per site for the first nine months, accounting for a 10.4% increase in volume. At the same time, however, average site revenue only rose by 5.1%, \$149,008 in 2009 as compared to \$134,971 in 2009.

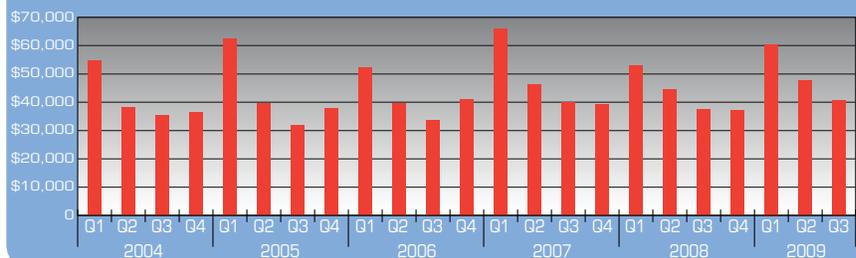
Fourth quarter volumes have been traditional at or just below third quarter volumes, with 2008 reporting 4,947 cycles compared to 5,132 third quarter cycles, and 2007 reporting 5,495 cycles compared

to 5,689 cycles in the third quarter. The fourth quarter of 2009 will be reported on in February of 2010.

A development to watch for 2010 will be how the addition of new taxes will affect the average cost and the number of car washes, as consumers takes an added hit due to HST (harmonized sales tax). Since British Columbia and Ontario will be implementing a HST system in mid-2010, the average price of a car wash will increase by 7% and 8% respectfully in those provinces, as the industry will have to pass on the tax increases to customers. While both provinces are promoting these increases as a benefit to businesses, it is the consumer that will feel the cost escalation brunt. Whether or not this results in reduced volumes as a consequence won't be seen in the WVR report until this time next year.

Undertaken for the CCA by Kent Marketing Services Ltd., a research firm specializing in the gas station and car wash industry, the WVR is a national quarterly survey of 870 carwashes. Members of the CCA may participate in the WVR program and receive results specific to their region at no extra cost beyond their membership fee. National trends and larger regional block trends are reported in the CCA newsletter for general information purposes. Individual participants, and their results, together with specific regional results are not reported on.

Average Revenue Per Site





IS THE END OF DRIVEWAY WASHING COMING?

Environmental concerns are driving the evaluation of car washing regulations where run-off contaminated with soaps, detergents and other chemicals has the potential to enter a municipal water system through sewers or local watersheds. While individual car washing might be safe from regulation at this time, charity carwashes may not be.

At least one major municipality in Canada has approached the Canadian Carwash Association (CCA) asking for input in developing new policies. One of the options raised has been placing an outright ban on charity carwashes hosted outside of professional carwash sites. These are typically fundraising events staged by charities, such as youth sports teams, clubs and other not-for-profit groups, looking for ways to raise funds for their activities. Without proper wash water runoff treatment or containment, water pollution becomes a possibility.

A complete ban would leave the charities which rely on carwash events as a fundraising source scrambling for alternatives. Requiring charities to host such events on professional carwash sites, where water runoff can be managed, allows a way for them to retain this revenue stream. Giving charities access to a structured program, either run by or endorsed by the CCA, is an alternative. One committee of the Association is now working no how to best design such a program.

Some of the options beginning considered are:

- Developing a guide with specific protocols for carwash owners to use to assist those interested in building relationships with local charity groups.
- Soliciting locations from the affected municipalities and having the CCA office act as a clearing house for setting up relationships between charities and carwash owners.
- Setting up a national coupon program that charities can use in place of specific site usage.
- Using the CCA website to provide listings of available sites, possibly including available times, for use by charities. Member listings would be free and but there would be a small fee to non-members.

Each of the possible solutions has its benefits and limitations. Deciding on what will be an effective compromise to meet the needs of both local charities and carwash owners is the challenge that the CCA has taken on.

There are three driving principals the CCA government liaison committee is using:

1. The good works of charities and non-for-profit groups in our communities need to be supported.
2. Canada's precious, yet limited, water resources have to be protected.
3. Carwash owners can be part of the solution providing the requirements are not financially onerous.

It is unlikely that whatever is worked out will satisfy all groups completely, so member opinions are requested. For more information on the charity car wash issue, please visit the CCA Forum (forum.canadiancarwash.ca) website. Members are encouraged to participate in a discussion on this open topic there.

If a productive solution can be found, the CCA will move to promote it nationally to all municipalities. Make your voice count by participating in the discussion.

SLIPS, TRIPS AND FALLS SAFETY FOCUS

The focus on safety for the coming year by Ontario Workman's Safety and Insurance Board (WSIB) will be on reducing injuries from slips, trips and falls. The objective of their enforcement efforts is to reduce time lost as a result of these types of accidents. While primarily an Ontario program, it has ramifications for other businesses as all jurisdictions target one or more areas to see improvements in.

Car wash operators should be aware of areas of focus for their WSIB as this could impact their payment rates. The WSIB pick an area to focus on, promote it and then look for issues around it. Those caught with potential issues in the areas of focus will generally be provided with time to repair the issues, or face increased fees.

According to the CU: 6391000 – Car Washes, there were 25 non-fatal lost time injuries (NF LTI) and 37 non-lost time injuries (NLTI) in 2008, for a total of 4,499 lost days. As of September 2009, there were 23 NF LTI and 37 NLTI.

The numbers for 2009 are based on 496 car washes participating in Ontario in the WSIB program, of the 1,251 the organization has on file.

The WSIB, sometimes called Workmen's Comp, is a national workers insurance program. If a carwash has employees, they should be members of their regional WSIB, paying dues into it based on salaries, accident history and correction of any with inspection requirements.

Employers should not be mistaken that liability insurance and other business insurance will cover employees in case of an accident. Insurance, such as that offered at group rates through the CCA insurance program, covers injury of customers and visits only. Staff injuries and indemnification from law suits comes with membership in a WSIB program.

From the WSIB perspective, employers are responsible for maintaining their work environments in a safe and secure fashion. Equally, they need to have a plan and set of guidelines for doing so.

The Canadian Carwash Association is in discussions with the Ontario Service Safety Alliance (OSSA) to see if safety programs for carwashes can be developed. The OSSA is an extension of the Ontario WSIB, and provides development of compliance manuals and training for employers specific to their needs.

The intent would be to develop a procedures manual for carwashes across the country to help individual locations meet requirements of their local WSIB, thus insuring the lowest possible rates. This is a new initiative of the CCA, which will be one of the new areas of work for the 2010 calendar.