



# Legacy Business Registry Staff Report

HEARING DATE AUGUST 22, 2016

## TWIN PEAKS AUTO CARE

*Application No.:* LBR-2015-16-060  
*Business Name:* Twin Peaks Auto Care  
*Business Address:* 598 Portola Drive  
*District:* District 7  
*Applicant:* Michael Gharib, Owner/Operator  
*Nomination Date:* June 3, 2016  
*Nominated By:* Supervisor Norman Yee  
*Staff Contact:* Richard Kurylo  
legacybusiness@sfgov.org

### BUSINESS DESCRIPTION

Twin Peaks Auto Care is one of the last independently owned gas stations in San Francisco serving the Twin Peaks neighborhood on Portola Drive. The site of the gas station has always been known to be an operating gas station. Twin Peaks Auto Care was founded in 1985 and continues to be the only gas and service station for the Midtown Terrace, Glen Park, Diamond Heights, Miraloma, and Forest Hill neighborhoods for up to three miles.

### CRITERION 1: Has the applicant has operated in SF for 30 or more years, with no break in SF operations exceeding two years?

Yes, the applicant has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years:

598 Portola Drive from 1985-Present (31 years)

### CRITERION 2: Has the applicant contributed to the neighborhood's history and/or the identity of a particular neighborhood or community?

Yes, the applicant has contributed to the Twin Peaks neighborhood's history and identity.

The Historic Preservation Commission recommended the applicant as qualifying, noting the following ways the applicant contributed to the neighborhood's history and/or the identity of a particular neighborhood or community:

- The business is unique to San Francisco as it is one of the last remaining independently owned gas stations.
- The business is associated with the tradition of providing individualized and personalized auto care services.



SMALL BUSINESS COMMISSION

MARK DWIGHT, PRESIDENT  
REGINA DICK-ENDRIZZI, DIRECTOR



CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE, MAYOR

- The 1930s property has been previously evaluated by the Planning Department for potential historical significance. The property is considered a “Category A Property” as part of the Laguna Honda Hospital site, an individually-eligible property for the National Register and an individually-listed property in the California Register.
- The business has been cited in the following publications:
  - SF Gate, 8/15/1999, “Why does Bay Area pay more for gas?” by Kathleen Sullivan;
  - Westside Observer, April 2015, “Last Gas Station West of Twin Peaks Endangered,” by George Wooding;
  - San Francisco Chronicle, “Drivers on lookout for Bay Area’s cheapest gas;” Oil on the Brain: Adventures from the Pump to the Pipeline, by Lisa Margonelli;
  - New York Times, 9/26/2007, “Seeking Ways to Cut Fees on Credit Cards,” by Jeffrey Selinger.

**CRITERION 3: Is the applicant committed to maintaining the physical features or traditions that define the business, including craft, culinary, or art forms?**

Yes, the subject business is committed to maintaining the physical features and traditions that define the business.

**HISTORIC PRESERVATION COMMISSION RECOMMENDATION**

The Historic Preservation Commission recommends that Twin Peaks Auto Care qualifies for the Legacy Business Registry under Administrative Code Section 2A.242(b)(2) and recommends safeguarding of the below listed physical features and traditions.

Physical Features or Traditions that Define the Business:

- Large price sign
- Two metal canopies over gas pump stations
- One-story repair shop and convenience store

**STAFF RECOMMENDATION**

Staff recommends that the San Francisco Small Business Commission include Twin Peaks Auto Care currently located at 598 Portola Drive in the Legacy Business Registry as a Legacy Business under Administrative Code Section 2A.242.

Richard Kurylo, Manager  
Legacy Business Program



SMALL BUSINESS ASSISTANCE CENTER / SMALL BUSINESS COMMISSION  
1 DR. CARLTON B. GOODLETT PLACE, ROOM 110, SAN FRANCISCO, CALIFORNIA 94102-4681  
Small Business Assistance Center (415) 554-6134 / Small Business Commission (415) 554-6481

SMALL BUSINESS COMMISSION  
MARK DWIGHT, PRESIDENT  
REGINA DICK-ENDRIZZI, DIRECTOR



CITY AND COUNTY OF SAN FRANCISCO  
EDWIN M. LEE, MAYOR

# Small Business Commission Draft Resolution HEARING DATE AUGUST 22, 2016

## TWIN PEAKS AUTO CARE

LEGACY BUSINESS REGISTRY RESOLUTION NO. \_\_\_\_\_

*Application No.:* LBR-2015-16-060  
*Business Name:* Twin Peaks Auto Care  
*Business Address:* 598 Portola Drive  
*District:* District 7  
*Applicant:* Michael Gharib, Owner/Operator  
*Nomination Date:* June 3, 2016  
*Nominated By:* Supervisor Norman Yee  
*Staff Contact:* Richard Kurylo  
legacybusiness@sfgov.org

### **ADOPTING FINDINGS APPROVING THE LEGACY BUSINESS REGISTRY APPLICATION FOR TWIN PEAKS AUTO CARE, CURRENTLY LOCATED AT 598 PORTOLA DRIVE.**

**WHEREAS**, in accordance with Administrative Code Section 2A.242, the Office of Small Business maintains a registry of Legacy Businesses in San Francisco (the "Registry") to recognize that longstanding, community-serving businesses can be valuable cultural assets of the City and to be a tool for providing educational and promotional assistance to Legacy Businesses to encourage their continued viability and success; and

**WHEREAS**, the subject business has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years; and

**WHEREAS**, the subject business has contributed to the neighborhood's history and identity; and

**WHEREAS**, the subject business is committed to maintaining the physical features and traditions that define the business; and

**WHEREAS**, at a duly noticed public hearing held on August 22, 2016, the San Francisco Small Business Commission reviewed documents and correspondence, and heard oral testimony on the Legacy Business Registry application; therefore

**BE IT RESOLVED** that the Small Business Commission hereby includes Twin Peaks Auto Care in the Legacy Business Registry as a Legacy Business under Administrative Code Section 2A.242.



SMALL BUSINESS COMMISSION

MARK DWIGHT, PRESIDENT  
REGINA DICK-ENDRIZZI, DIRECTOR



CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE, MAYOR

**BE IT FURTHER RESOLVED** that the Small Business Commission recommends safeguarding the below listed physical features and traditions at Twin Peaks Auto Care:

Physical Features or Traditions that Define the Business:

- Large price sign
- Two metal canopies over gas pump stations
- One-story repair shop and convenience store

I hereby certify that the foregoing Resolution was ADOPTED by the Small Business Commission on August 22, 2016.

\_\_\_\_\_  
Regina Dick-Endrizzi  
Director

RESOLUTION NO. \_\_\_\_\_

Ayes –  
Nays –  
Abstained –  
Absent –



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Small Business Assistance Center (415) 554-6134 / Small Business Commission (415) 554-6481



**Legacy  
Business  
Registry**

**Application Review  
Sheet**

Applicant Name: Twin Peaks Auto Care

Nomination Date: June 3, 2016

Age of Business Confirmed:  Yes

Application Deemed to Meet Minimum Qualifications:  Yes

Application Referred to HPC Date: July 8, 2016

Notes:

N/A

A handwritten signature in black ink that reads 'Regina Dick-Endrizzi'.

Regina Dick-Endrizzi  
Director, Office of Small Business, Small Business Commission





Member, Board of Supervisors  
District 7

City and County of San Francisco

**NORMAN YEE**

June 3, 2016

Dear Director Regina Dick-Endrizzi:

I am writing to nominate the Legacy Business Registry—Twin Peaks Auto Care.

Twin Peaks Auto Care is one of the last remaining independently owned gas stations in San Francisco and the only station servicing the Midtown Terrace, Glen Park, Diamond Heights, Miraloma and Forest Hills neighborhoods for over one to three miles in any direction. Michael and Nancy Gharib have owned this station for over 30 years since 1985. Most gas stations are not places you think of as neighborhood gems, but the Gharibs have created a gas station with personalized service that is treasured by the community. When their lease was at risk of expiring last fall, hundreds of community members called and emailed my office and drafted petitions in support of saving Twin Peaks Auto Care. My office was able to work with the Department of Real Estate to extend the Gharibs' lease so they can continue to serve their community for another five years and have the option to extend their lease for another five years.

I am proud to nominate Twin Peaks Auto Care to the Legacy Business Registry.

Sincerely,

A handwritten signature in blue ink that reads "Norman Yee".

Norman Yee

APPLICATION FOR

# Legacy Business Registration

Legacy Business registration is authorized by Section 2A.242 of the San Francisco Administrative Code. The registration process includes nomination by a member of the Board of Supervisors or the Mayor, a written application, and approval of the Small Business Commission.

## 1. Current Owner / Applicant Information

NAME OF BUSINESS:		
Twin Peaks Auto Care		
BUSINESS OWNER(S) (Identify the person(s) with the highest ownership stake in the business)		
Michael Gharib		
CURRENT BUSINESS ADDRESS:		TELEPHONE:
598 Portola Drive San Francisco, CA 94131		(415 ) 648-4709
		EMAIL:
		twinpeakspetroleum@yahoo.com
WEBSITE:	FACEBOOK PAGE:	YELP PAGE:

APPLICANT'S NAME	
Michael Gharib	* Same as Business Owner
APPLICANT'S TITLE	
Owner/Operator	
APPLICANT'S ADDRESS:	
PO Box 31792 San Francisco, CA 94131	
TELEPHONE:	
(415 ) 216-5106	
EMAIL:	
c4gharib@yahoo.com	

SAN FRANCISCO BUSINESS ACCOUNT NUMBER:	SECRETARY OF STATE ENTITY NUMBER (if applicable):
317161	1960876

BACKGROUND INFORMATION	
Founding Location: 598 Portola Dr, San Francisco 94131	
Current Headquarters Location: 598 Portola Dr., San Francisco	
Operating In San Francisco since: 1985	

NAME OF NOMINATOR:	DATE OF NOMINATION:
Norman Yee (Supervisor)	June 3, 2016

## 2. Business Addresses

ORIGINAL SAN FRANCISCO ADDRESS:	ZIP CODE:	DATES OF OPERATION
598 Portola Dr	94131	February 1985-Current
IS THIS LOCATION THE FOUNDING AND/OR HEADQUARTERED LOCATION? (check all that apply)		
<input checked="" type="checkbox"/> Founding Location	<input type="checkbox"/> Current Headquarters	

OTHER ADDRESSES (if applicable):	ZIP CODE:	DATES OF OPERATION
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OTHER ADDRESSES (if applicable):	ZIP CODE:	DATES OF OPERATION

### 3. Eligibility Criteria

Attach the business's historical narrative.

### 4. San Francisco Taxes, Business Registration, Licenses, Labor Laws, and Public Information Release

Please read the following statements and check each to indicate that you agree with the statement. Then sign below in the space provided.

- I am authorized to submit this application on behalf of the business.
- I attest that the business is current on all of its San Francisco tax obligations.
- I attest that the business's business registration and any applicable regulatory license(s) are current.
- I attest that the Office of Labor Standards and Enforcement (OLSE) has not determined that the business is currently in violation of any of the City's labor laws, and that the business does not owe any outstanding penalties or payments ordered by the OLSE.
- I understand that documents submitted with this application may be made available to the public for inspection and copying pursuant to the California Public Records Act and San Francisco Sunshine Ordinance.
- I hereby acknowledge and authorize that all photographs and images submitted as part of the application may be used by the City without compensation.

Michael M. Gharib

4/20/2016

M. GHARIB

Name (Print):

Date:

Signature:



In February 1985, as a young man fresh out of college, I decided to pursue my passion for automobiles by purchasing a gas station with auto repair facility. At the time, there were several other like businesses in the immediate area and the owner was only too eager to get rid of a business he figured was going to become obsolete in a few years. The location is at the cross roads of Portola/Woodside/O'Shaugnessy on the west side of Twin Peaks, across from what was then McAteer High School, Tower Market and next to the still existing Youth Guidance Center. It is very close to Midtown Terrace- hence very close to the center of the city. I named my station "Twin Peaks" as just around the corner was the winding road up to the top of those famous hills.

Back in 1985 I was a Mobil Oil branded station. We had those old style gas pumps, we pumped your gas for you and we took payment in person at your car. There were no overhead canopies to protect from the elements. I spent day after day working on cars in the shop only to take a break to pump a customer's gas. However, British Petroleum soon took over the Mobil Oil contracts and I became "Twin Peaks BP". In 1993 when BP decided to sell off their contracts, I had the opportunity to become an independent gas station and create my own identity. Along with modernizing the site, I created a logo that represented the neighborhood I had grown with- Twin Peaks.

The large price sign on the corner was redesigned and the Twin Peaks logo came to life. The logo was a shadow of the hills behind the station. There have been numerous times during my travels when I have mentioned I am from San Francisco. As the conversation naturally turns to "what do you do"? I have mentioned the gas station and said, "You know, it's the one at the top of O'Shaugnessy" only for them to reply, "Yeah, I know that one- Twin Peaks!". That sign has become a marker for many people.

For years I had lived in Midtown Terrace, then in Forest Knolls, then eventually back to Midtown Terrace. The neighbors are my customers and my friends. There is a certain amount of responsibility that comes with owning a business such as Twin Peaks. For instance, as the gas station and auto repair industry evolved, many of the necessary changes forced other stations out of business. Because of my relationship with the community, I felt not only the support I needed to persevere, but the urgency to do so. Having that type of personal relationship encourages me to go above and beyond what is expected whether it means making sure I have adequate gas supply during supply shortages or making sure I can offer the best possible value so people can be confident they getting the best deal possible without wasting their time going elsewhere.

Being an independent gas station owner amongst so many company owned stations has forced me to learn the industry in many capacities in a way that franchise owners would never need to. For that reason, I have an understanding of the oil industry and of the business that goes deep. This knowledge has allowed me to have a multitude of experiences over the years that have reflected upon not only our immediate community but the overall industry. For example, in 2007 I was singled out by VISA for offering my customers a "cash discount"; VISA was fighting anything that would take away credit card usage and as a merchant I was fighting high fraud and transaction fees by offering my customers an alternative. I alerted local supervisors, the Mayor, the state Governor and our Senators and the issue eventually went before the House Judiciary Committee at which I was asked to testify. The result was a multi-million dollar settlement to merchants for excessive transaction fees and a clarification of future rules

and regulations governing this area. It was an amazing experience to be part of. In addition to experiences such as that, Twin Peaks Auto Care has been the subject of numerous news articles and even several chapters in a book ("Oil on the Brain" by Lisa Margonelli). We have always tried to make ourselves available to help people get a better understanding of what's happening in the industry and how it affects them.

When people think of gas stations and auto repair facilities today they don't often feel a connection. However, we have had the honor of running the business for over thirty years and our station has always been a spot where the neighbors stop by to say hello and chat or lost visitors pop in for directions. Our children, from when they were small, would spend time at the station (it was always the perfect location for those school candy bar sales!) They learned from a young age how to fill the water for the wipers, how to tidy the candy area and how to welcome the customers. While we don't have a lot of employees, our employees tend to train with us and stay with us on an average of eight years. They are like family. Recently, we thought we were going to lose our lease and the community and our community leaders rallied for us. The support was incredible and uplifting.

Twin Peaks' location, iconic signage and duration as a valuable neighborhood business make it an ideal "Legacy Business". Over the thirty plus years in business, I have been recognized as a leader in the field and pioneer for independently owned gas stations. It would be hard to recognize the neighborhood without our huge "Twin Peaks" sign. It is more than just a business but a visual landmark, a meeting place and a part of the fabric of the neighborhood. There are only a handful of independent gas stations left and should we go, there would not be anything that provides these essential

services in the area, with the next closest station being almost two miles away. The surrounding neighborhoods are hilly with lots of single family homes so it is still relatively car-centric as opposed to other areas of the city. In addition, over 50% of the immediate neighborhood population is over the age of fifty with many of the residents being the original homeowners or having lived in the neighborhood for over fifteen years. A large portion of our customers have remained with us for over thirty years; we have serviced their cars, provided their gas and been a part of their lives. They are our customers, our neighbors AND our friends. For all of the above reasons, it would be an honor to be identified as a Legacy Business to ensure our continuing place in the community we have been part of for over three decades.



# Why does Bay Area pay more for gas?

By Kathleen Sullivan  
OF THE EXAMINER STAFF

Is there life after death? Plants and animals on other planets? Did William Shakespeare really write all those plays?

To those great, unanswered questions of the universe, add this one: Why are gas prices higher in San Francisco than in Los Angeles?

It's a question few can answer convincingly, though theories abound. Last week, the average price of a gallon of regular, unleaded gas never mind the high-octane stuff in San Francisco hit \$1.75 a gallon, an all-time high.

And since the beginning of the year, the gap between prices in the City and Los Angeles has grown wider and wider, an Examiner-

questions raised in the hearing deserved analysis in a independent economic study.



August 15, 1994  
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Michael Gharib, owner of Twin Peaks Auto Care, one of The City's dwindling number of stations selling unbranded gasoline

1999 that have primarily affected Northern California supplies," Libbey said. "Tightening supplies tends to push prices up."

## Less competition in Bay Area

At the California Energy Commission in Sacramento, the more competition-in-Los Angeles-theory is popular. "I don't want to sound like an

## GAS PRICE HIKE

The chart shows the rising cost of a gallon of gasoline in the past year in San Francisco and Los Angeles — and the widening spread in the price between the two cities.



ness on Irving Street, pumps a year ago and solely on foreign and repair.

Owner Konrad Ha the founder, said the grading the station to federal standards for storage tanks — and the station with new digital pumps — was Also, it was hard to

EXAMIN

**SFGATE** <http://www.sfgate.com/news/article/Why-does-Bay-Area-pay-more-for-gas-3071791.php>

## Why does Bay Area pay more for gas?

Kathleen Sullivan, OF THE EXAMINER STAFF Published 4:00 am, Sunday, August 15, 1999

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**1999-08-15 04:00:00 PDT SAN FRANCISCO BAY AREA; CALIFORNIA** -- Is there life after death? Plants and animals on other planets? Did William Shakespeare really write all those plays?

To those great, unanswered questions of the universe, add this one: Why are gas prices higher in San Francisco than in Los Angeles?

It's a question few can answer convincingly, though theories abound.

Last week, the average price of a gallon of regular, unleaded gas - never mind the high-octane stuff - in San Francisco hit \$1.75 a gallon, an all-time high.

And since the beginning of the year, the gap between prices in The City and Los Angeles has grown wider and wider, an Examiner-KTVU Channel 2 report shows.

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For example, on July 20 the disparity was an impressive 25 cents. In L.A., the average cost was \$1.36 a gallon; in San Francisco, it was \$1.61.

AAA statistics on gas prices for both cities during the first seven months of 1999 - again, for the regular, unleaded variety - show motorists in The City consistently digging deeper into their wallets when they stop for gas.

From January through July, drivers in San Francisco paid an average of \$1.55 a gallon to fill their tanks.

ADVERTISEMENT

Their counterparts in L.A. paid \$1.35 a gallon.

Unfortunately, AAA of Southern California didn't survey gas stations in L.A. last week, so no one can identify with certainty the most recent disparity.

Why is gas cheaper in Los Angeles?

AAA, north or south, can't answer that question.

### No easy answers&lt;

"We don't have an answer, other than the broad view that oil companies will charge what the market will bear - and they do," said Paul Moreno, a AAA gas specialist in San Francisco.

"Good question," agreed Michelle Fadelli, manager of communication and government affairs for the Association of Bay Area Governments, which held a hearing on the topic in 1998.

ABAG decided the questions raised in the hearing deserved analysis in a independent economic study.

So the regional agency gathered representatives of the oil industry, gas stations and local government, and the group decided to launch an inquiry into the matter.

But the money evaporated, and no study was done.

To Chevron's way of thinking, there's no need, because the explanation is simple.

Mike Libbey, a spokesman for Chevron, which produces gasoline in Richmond, said there were three reasons why gasoline costs more in San Francisco:

\*Everything costs more. "Land, permitting costs for developing or expanding stations, labor - you name it, it's more expensive," Libbey said.

\*There's less competition. "There are more stations per motorist in L.A.," Libbey said.

\*Lately, there's been less gas to go around. "There have been a number of refinery accidents in 1999 that have primarily affected Northern California supplies," Libbey said. "Tightening supplies tends to push prices up."

### Less competition in Bay Area&It;

At the California Energy Commission in Sacramento, the more-competition-in-Los Angeles-theory is popular.

"I don't want to sound like an apologist for the oil industry, but one of the largest factors contributing to lower prices in L.A. is competition between gas stations," said Claudia Chandler, the agency's assistant executive director.

When the question was posed to Severin Borenstein, director of the University of California Energy Institute, he said the answer might be found by looking at the number of stations selling "unbranded" gasoline.

Unbranded gasoline is the surplus gas produced by major oil refineries - such as Chevron - and sold to independent suppliers, who then sell it to small dealers.

"There seems to be a fairly high correlation between lower prices and the presence of off-brand dealers," Borenstein said. "They lower the price themselves and have a significant effect on surrounding dealers. If you look at L.A., there are a lot more off-brand dealers there than in the Bay Area."

He said many off-brand dealers had gone out of business in California and the rest of the nation in the last 10 years.

"More off-brand dealers have gone out of business in the Bay Area than elsewhere," Borenstein said. "But it's hard to get firm numbers."

The latest figures from the California Energy Commission, which were published in 1996, show there were 148 gas stations in The City, including about two dozen selling unbranded gas.

### Independents still survive&It;

The commission doesn't have figures for 1999, but a review of the old list - and a drive around San Francisco - shows that many of the stations are still thriving.

Others, such as Habel's Garage, a 35-year-old, family-owned business on Irving Street, took out its pumps a year ago and now focuses solely on foreign and domestic car repair.

Owner Kourad Habel, son of the founder, said the cost of upgrading the station to meet 1998 federal standards for underground storage tanks - and to modernize the station with new piping and digital pumps - was prohibitive.

Also, it was hard to make a profit on gas sales.

"Since we were a neighborhood shop, we never sold a large volume of gas, so we couldn't get a good price from distributors," Habel said.

Across town, at the hilltop intersection of Portola and Woodside drives, stands Twin Peaks Auto Care, an independent gas station that has been selling unbranded gas for five years.

Every day, owner Michael Gharib makes sure his gas prices are lower than the Shell station up the street.

On Wednesdays, Gharib offers extra-special deals on premium gas, lowering his already low price even further.



Last week, the price of Twin Peaks' premium gas was \$1.86 a gallon, compared with \$1.97 at the nearby Shell.

"Nobody wants to come to an independent gas station and buy unbranded gas if it's more expensive - even when it's the same gas," he said.

Gharib said 1999 has been a tough year to survive in the unbranded gasoline market.

Refinery fires, explosions and shutdowns reduced the supply of gasoline. Wholesale prices skyrocketed. Profit margins fell. To keep customers, Gharib has to keep prices low, absorb some losses and cross his fingers until supplies rise once again.

"Whenever there is instability in the supply, we pay through the nose," he said.

### **Boxer pushes investigation**

U.S. Sen. **Barbara Boxer**, D-Calif., worries that unbranded gas stations may become an endangered species - threatened by the "anti-competitive practices" of major oil companies.

Last week, Boxer fired off a letter to the **Federal Trade Commission**, asking the agency to expand its investigation into California gas pricing, by analyzing wholesale pricing patterns and how they affect the fate of unbranded dealers.

"Unbranded gas stations play a crucial role in California's gasoline industry," Boxer wrote in the Aug. 12 letter to FTC Chairman Robert Pitofsky. "They survive by purchasing surplus gasoline produced by the big oil companies on the open market and selling it back to the public at a steep discount. Although their numbers are small, these businesses provide a valuable service by keeping the big oil companies' prices somewhat in check."

Specifically, Boxer asked the FTC to investigate why unbranded gas, which is usually cheaper on the wholesale market, now cost more than branded gas.

An oil company spokesman said the phenomenon was a temporary anomaly that occurs during periods of tight supply - and showed the market was working the way it's supposed to.

When Los Angeles resident **Vigan Kachikian** packed his family into the car for a road trip to Lake Tahoe, San Francisco and Calistoga, he paid \$1.41 a gallon to fill up the tank.

Last week, when Kachikian stopped at an unbranded station on 19th Avenue, he found himself shelling out \$1.79 a gallon.

Kachikian, who sells central air systems, said the sudden price spike seemed excessive. And sudden.

"They just stick it to you," he said with a shrug.

See this story Sunday on KTVU Channel 2's "10 O'clock News." &lt;

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8/18/99

Mike,

Each time I come to the gas station, I am given courteous service.

Hope this news article is giving you the additional business you want.

Yesterday, cars were backed up to the roadway, waiting to gas up.

Good luck.

Annette  
Singer



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# WESTSIDE OBSERVER

Volume 28 • Number 3 Celebrating Our 28th Year

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April 2015

## Last Gas Station West of Twin Peaks Endangered As Parents Get More Choice, S.F. Schools Resegregate

By George Wooding

The San Francisco Real Estate Department may be about to push the Twin Peaks Petroleum gas station out of business by not negotiating the station's new lease in good faith. The gas station has been located on the corner of Portola and Woodside Avenue for over 60 years. This piece of property is located on Department of Public Health (DPH) property. The gas station was originally leased to Mobil Oil and then transferred to British Petroleum. The station as been managed/owned for over 30 years by Nancy and Michael Gharib.

It's not often when a neighborhood business becomes an institution. It's even rarer when a gas station captures the hearts of surrounding neighborhoods.

After all, gas stations can be noisy, odiferous, and obtrusive. They are designed more for convenience than neighborhood appeal.

Besides being one of the last surviving independent gas stations in San Francisco, this gas station is the last gas station servicing the Twin Peaks neighborhoods for over one to three miles in any direction.

On average, the station's price per gallon of gas is approximately ten cents lower than chain gas stations. Beyond consumer convenience, these lower prices help to keep chain gas station prices lower due



to competition.

According to station owner Michael Gharib, "We have been great caretakers of Twin Peaks Petroleum for over 30 years and have always treated the City land as if it were our own."

"When I first set out as a service station owner 30-plus years ago, it was all about the word 'service.' We may have modernized and streamlined over the years, but that is still one past aspect of the industry."

Cont. p. 14



Best of the Net: [www.sfpublishpress.org](http://www.sfpublishpress.org)

San Francisco Unified School District board member Rachel Norton at the Mission District's Marshall Elementary, which has 81 percent Latino students. Photo by Anna Vignet/San Francisco Public Press

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San Francisco faces a challenge: promoting educational options without undermining classroom diversity

Each January, parents across San Francisco rank their preferences for public schools. By June, most get their children into their first choices, and almost three-quarters get one of their choices.

A majority of families may be satisfied with the outcome but the student assignment system is facing a

"We recommend that you go with the least expensive gasoline that you can buy. It will all work fine in your car."

ROB SCHLICHTING, a spokesman for the California Energy Commission

# Drivers on lookout for Bay Area's cheapest gas

## ► CHEAP GAS

From Page A1

practical limits. If it requires a drive of more than a few miles or a wait of more than 15 minutes, the effort is probably a money loser.

"It doesn't make sense for most people to go far out of their way to save a couple of pennies on gas," said Sean Comey, a spokesman for the California State Automobile Association.

Costco, known mostly as a warehouse retailer, is usually one of the best bargains for gas in the neighborhoods where it operates. Like many cheaper stations, the company makes money by selling high volumes of fuel and by luring customers inside its stores.

## Handful of outlets

The downside is that Costco has only a handful of Bay Area gasoline outlets, making them impractical for many drivers to visit. Furthermore, to fuel up, drivers must have a membership that costs \$45 annually.

Saving money on gas is such a preoccupation with some motorists that it has spawned a mini-Internet industry. A handful of Web sites such as *GasPriceWatch.com* and *Gasbuddy.com* specialize in listing some of the lowest fuel prices.

Both Web sites rely on volunteers to watch prices and post them online. However, the reliability can be spotty because prices change so frequently and many stations go unreported. When using the Web sites, keep in mind that they don't post the usual nine-tenths of a cent extra that virtually all service stations charge.

## The cheapest price

On Friday, the lowest price listed on the Web sites in the Bay Area, and verified by The Chronicle, was \$2.16 at an Arco station at 26th and E. Julian St. in San Jose.

The owner, who asked that his name not be disclosed, said he keeps prices low because of competing stations nearby and the blue-collar background of many of his customers.

In San Francisco, the least expensive gas listed and verified by The Chronicle was \$2.31 at Twin Peaks Auto Care, on Portola Drive. In the East Bay, the lowest price was \$2.19 at three stations along a few blocks of San Pablo Avenue in Richmond. In the North Bay, the cheapest was \$2.21 at Arco stations in San Rafael and Mill Valley.

## \$2 a benchmark

"When the prices go that high, over \$2, people start shopping," said Mike Shamsian, who owns the Arco franchise in Mill Valley. "When it's cheaper, they really don't pay attention as much."

Gas prices have soared to record highs this year, driven largely by a surge in oil prices. California, which already has among the most expensive gas in the nation, has been hit particularly hard.

In an effort to reduce prices, the Organization for Petroleum Exporting Countries agreed this week to increase oil production by 11 percent. However, the impact is expected to be modest and gas prices will likely stay high through the summer, according to analysts.

## Stay on the alert

Comey, the auto association spokesman, said drivers can save money by paying attention to how much stations charge as they drive by and then stop at the cheapest. Too often, drivers simply go to the same station out of habit, he said.

"It may have been the best deal when you chose it a couple years ago or a couple weeks ago," Comey said. "But it may not have the best prices when you want to fill up now."

For more savings, try looking for gas off the main roads or near a freeway. Sometimes all it takes is to drive a few hundred yards off the beaten path to find cheaper fuel.

Among the other strategies to reduce costs is to avoid fueling up in San Francisco, if possible. Gas in the city is typically the most expensive in the Bay Area because of the relative wealth of local residents and the extra cost of doing business.

For example, drivers paid an average of \$2.44 a gallon in San Francisco on Friday, according to the California State Automobile Association. But in Oakland, gas cost \$2.36.

Prices are even lower in most outlying areas. Vallejo-Fairfield-Napa's average was \$2.33 a gallon Friday, and Stockton-Lodi's was \$2.32.

## Spending extra to save

But driving far just to get a tank of cheap gas is almost always counterproductive. Take the example a driver who travels 30 miles round trip to save 20 cents a gallon on 15 gallons of fuel.

The savings would be \$3. However, the fuel required to make the trip — if that car got 20 miles to the gallon and the gas used was bought for \$2.25 a gallon — would cost \$3.38. That's not even including the cost of the driver's time and wear on the car, which would add significantly to the financial burden.

Another piece of advice is to avoid service stations near the Bay Area's airports. They charge as much as 15 cents a gallon above average because business travelers and tourists returning rental cars don't normally pay as much attention to prices.

## Cash or debit card

Also be willing to pay in cash or by debit card. Arco, one of the

## How to save money at the gas pump

- Shop among several stations.
- Be willing to fuel up at independent retailers.
- Look for stations off major streets or freeways.
- Be willing to pay with cash or debit card.
- Avoid stations in San Francisco.
- Fuel up in outlying cities.
- Avoid buying near a major airport.
- Check Web sites that list low prices such as [www.Gasbuddy.com](http://www.Gasbuddy.com) and [www.GasPriceWatch.com](http://www.GasPriceWatch.com).

Source: Chronicle research

chains that offers the lowest prices, doesn't usually accept credit cards.

Rob Schlichting, a spokesman for the California Energy Commission, added that drivers should take advantage of independent stations if they offer a bargain. Some motorists are reluctant to buy at such outlets, including Costco, because of fears that the gas there is of inferior quality or lacks special additives included at Chevron stations, for example.

"All the gasoline meets California specifications," Schlichting said. "We recommend that you go with the least expensive gasoline that you can buy. It will all work fine in your car."

## Fuel-efficient car is key

Of course, one of the surest ways to save money at the pump is to have a fuel-efficient car, with properly inflated tires and a recent tuneup. Public transportation can be an even better way to save money if it is convenient to where you are and where you are going.

Alex Martinez, who works on a hotel's housekeeping staff in San Francisco, said he always goes to Costco to buy gas as part of his efforts to cut costs. The wait, about five minutes on a recent day, was worth it to save a few dollars to fill up his Mitsubishi Reliant, he said. "It's my son's lunch money," Martinez said.

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# Digging into black gold



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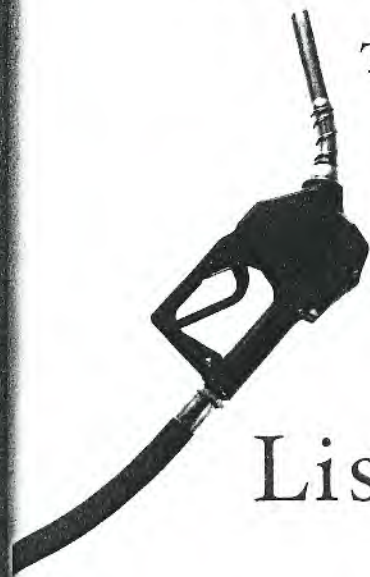
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"If you drive a car, you must read this book,  
but please not at the same time." —MARY ROACH, author of *Stiff*

# OIL ON THE BRAIN

ADVENTURES FROM THE PUMP  
TO THE PIPELINE



Lisa Margonelli

a gallon of crude burning than another scientist said, "We did a spill once with 300 barrels of crude on ice. Flames 150 feet in the air. Burned for three hours. [Pause] You could see the fascination for an arsonist—those big flames." And soon after that I talked to a man who lit an even bigger fire with some of the oil spilled from the *Exxon Valdez*, and boy oh boy you hadn't lived, etc. However close I got to oil, there would always be someone who had been closer; whatever I learned, there would always be more. Oil was always right in front of me and maddeningly out of reach, a notoriously slippery subject.

To research this book, I decided to start with the one place I thought I understood: the gas station. In the summer of 2003, I began hanging out at a station in San Francisco, and I quickly discovered that it was a Rosetta stone for understanding my own conflicting emotional and economic rationalizations about oil. Nothing was as I expected. The one thing I thought I had a handle on—the price of gasoline, which is updated frequently and displayed prominently on large signs—turned out to be a chimera, albeit a fascinating one that reveals much about the behavior of American gasoline consumers and our role in the world.

From the station I continued up the pipe, farther and farther into the unknown. I rode in delivery trucks and spent time in a refinery. Hoping to learn how oil is created, and how it's drilled out of the ground, I headed to Texas to spend a week on a drilling rig. I became interested in the concept of energy security, and talked my way into the Strategic Petroleum Reserve. While doing that chapter, I realized I needed to visit the NYMEX oil market in New York. Along the way, people graciously helped me see their world, and I started to understand my own. Oil's price was only the beginning of the things I didn't understand. One of the most compelling characters in the whole oil universe turns out to be the American oil consumer, who ignores ever-higher prices and continues to use more oil month by month. The brute force of 194 million American pedals to the metal is changing the world day by day.

Interestingly, the American consumer was not an active part of the myth I believed about oil when I started reporting this book. Americans of all political persuasions tend to believe that we are trapped in an oil dependency over which we have no control. We are therefore victims of (fill in the blank): the Saudis, the Strategic Petroleum Reserve, OPEC, Exxon, GM, environmentalists who refuse to allow the building of new refineries, collusion between Dick Cheney and the oil industry, road-hog

## 1 GAS STATION CHASING THE HIDDEN PENNY

### **Regular Unleaded \$1.61<sup>9</sup>/<sub>10</sub>**

Twin Peaks Petroleum sits at a welcoming angle to a busy San Francisco intersection. On this morning in the summer of 2003, a thick fog has crawled over the station, folding each of the eight drivers standing at the pumps in an envelope of cold mist. At the back of the lot sits a garage where a small convenience store glows. On the storefront is a poster of an ebullient snowman clutching a cola, while icicle letters drip the words COLD POP over his head. Inside the convenience store, among the security cameras and parabolic mirrors, the Doritos, cigarettes, and Snapples, jammed into a space no larger than a postal truck, a tall man with dark circles under his eyes appears to doze. His eyelids hang low, twitching; he mumbles; he moves with excruciating deliberation as he counts change.

I am leaning against a shelf holding several grades of motor oil, individually wrapped strawberry cheesecake muffins, and four flavors of corn nuts: picante, regular, nacho cheese, and ranch. I am no more lively than B. J., the droopy manager. And I am recording the flavors of corn nuts in my notebook to stay awake. "Corn Gone Wrong" say the packages. I record that too. I've come to the gas station to watch Americans buy gasoline, as a way of understanding how we fit into the trillion-dollar world oil economy. But now that I'm here, I realize I've been here before, bought gas so many times myself I feel there's nothing to see. The fumble, the stuporous swipe of the card, the far-off look: I know them well. Gas stations are everywhere, but when you're in one, you're nowhere in particular. Icicle letters are taking shape in my head: WHAT DID YOU EXPECT?

I keep writing: Trojan spermicidally lubricated snugger fit, two Sominex and a folded paper cup, phone cards, batteries, air fresheners printed to look like ice cream sundaes, a greeting card with a picture of a pansy and the words "You're too nice to be sick." The customers standing



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out at the pumps have a preoccupied, anxious look—could they be distracted enough to buy a card that says “You’re too nice to be sick”?

**Gas stations** are collections of incidental items, impulses, and routines that seem in themselves to be inconsequential but aggregate into a go-liath economy when multiplied by the hungers of 194 million licensed American drivers. Corn nuts, for example, are part of \$4.4 billion in salty snacks sold at gas station convenience stores yearly, nearly all impulse buys. The hopeful purchase \$25 billion in lottery tickets. People with the sniffles spent \$323 million on cold medicine at gas stations in 2001. And the faint smell of gasoline near the pumps? In California alone, the amount of gasoline vapor wafting out of stations, as we fill our cars, totals 15,811 gallons a day—roughly the equivalent of two full tanker trucks.<sup>1</sup> In the gas station, we’ve collaborated to create a culture of speed, convenience, low prices, and 64-ounce cup holders, which allow us to express what the industry calls our “passion for fountain drinks.” Japanese auto executives have hired American anthropologists to explain the mystery of why the purchase of a \$40,000 car hangs on the super-sizing of the cup holder.

And then there is the gasoline: 1,143 gallons per household per year, purchased in two-and-a-half-minute dashes. We make 16 billion stops at gas stations yearly, taking final delivery on 140 billion gallons of gasoline that has traveled around the world in tanker ships, pipelines, and shiny silver trucks. And then we peel out, get on with our real lives, get back on the highway, or go find a restroom that’s open, for Pete’s sake.

With a wave of our powerful credit cards, American drivers buy one-ninth of the world’s crude oil production per day. That makes us elephants in the global oil economy—our needs are felt around the world, from the tiniest villages in Africa, the Amazon, and the Arctic, to the highest towers in Vienna, Riyadh, and New York. When we lick our lips, they open their taps. When we are in a funk, their governments fall. Here in front of the pump, surrounded by buntings in the joyful colors of chil-

<sup>1</sup> Four out of five people feel, on a gut level, that gasoline is toxic, according to one study. A majority dislikes the smell. (A contrary 11 percent say they find the scent “pleasant.” More on them in Chapter 4.)

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dren's birthday party balloons, we have the opportunity to be our truest selves in the great, over-the-top drama/business that is the world oil supply chain.

But as you know, buying gas can be done by the living dead. Swipe card, insert nozzle, punch the button with the greasy sheen: Gasoline flows into the tank while money flows out of the bank account. Filling a car seems less like making a purchase than a ritual, a formality that isn't quite real.

It's not even clear what we're buying—gasoline's fantastic uniformity means one is as good as another. Water doesn't mix with gas, so beyond occasional traces of vapor, we don't even have to worry about buying substandard gasoline. And all traces of where the fuel came from are completely erased by the time it gets to a gas pump. Texaco gasoline is no longer from Texas, and gas from Unocal is not from "Cal." Both companies have been purchased by Chevron, anyway. If gasoline were coffee, we might believe the Baku blend offered a fast but mellow ride.

As if acknowledging the futility of trying to stand out from the pack when 168,987 gas stations are selling essentially an identical chemical mix, stations have adopted a clannish ugliness. Whether they're in Fairbanks, Alaska, or Pine Island, Florida, they all subscribe to the familiar topography of canopied islands, cheerful plate glass, struggling hedges, and "Smile. You're being watched by a surveillance camera" signs. Predictable they are, to the very last 9/10ths of a cent, which is permanently printed on every last gas price sign in the land.

The gas station's blandness is misleading, though. Hidden in its windows, pumps, and hedges are clues to the true nature of the American bargain with gasoline and the enigma of its role in the world.

**On the counter** in front of B. J. stands a line of purple plastic wizards, stomachs filled with green candy pebbles. Their shiny eyes stare at me expectantly.

At the periphery of my vision, a van enters Twin Peaks yard and parks near the fence. In the time it takes the door to slam, B. J. grows a foot taller, loses his paunch, and becomes a man of action. He snaps the countertop open, bounces into the yard, and lands in front of the van

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driver in one tigerlike swoop. Words are exchanged. The driver sulkily returns to his van and B. J. returns to the store, shaking his head. People try to ditch their cars in the station and take the bus, he explains, taking his position behind the wizards. "The customer is always right," says B. J., "but bad people going round."

Like vapors, bad people always seem to be wafting through the gas station. Last week B. J. ran out to stop a truck that was barreling toward the station's lighted canopy. The truck driver ignored him and crunched the canopy. Cars have driven willy nilly through the hedges as he watched. Nightly, people break through the chains on the four entrances. Once he found a gun in the hedge, stashed by a kid on the way to juvenile court. His response? Shave the hedges. Every morning he cleans up garbage, cans, and bottles filled with things we won't discuss. Daily, and constantly, people try to steal: window squeegees, sodas, condoms, money, and phone calls. Behind B. J.'s head are the counterfeit \$20 bills the station has intercepted.

People use elaborate schemes to steal gas, he explains. Sometimes they'll pay for \$5 and shut the pump off when it reaches \$4.75. Then they return to the clerk, telling him to turn the pump back on, knowing that the pumps don't turn off after dispensing amounts less than a dollar. Then they fill their tank and drive off. Others play on the sympathies of the attendant or accuse him of trying to cheat them. In stations where people pump before they pay, they often just drive off. The average gas station loses more than \$2,141 a year to gasoline theft. Some lose much more.

Think of a gas station as a crime scene before the fact, and you'll start to appreciate it as a maze engineered for belligerent rats. Hedges, which I'd interpreted as a pathetic attempt at dignity and baronial pretensions, actually eliminate escape routes for would-be robbers, limiting holdups. Many convenience stores buy "target hardening" kits, which include decals imprinted with rulers so that clerks can tell the police how tall the robbers were, two stickers that say "No 20s, no 50s," two "Thank You" decals, and one "Smile. You are being watched by our video security."

Even so, crime is always evolving. "After we did target hardening in stores in the 1980s, the crime moved to the pumps—carjackings and abductions," says Dr. Rosemary Erickson, a sociologist who's studied gas sta-

tion crime for thirty years. "Now it's public nuisance crimes in the parking lots. Gas stations are considered a magnet."<sup>2</sup> Nearly nine percent of U.S. robberies happen in gas stations and convenience stores, and the average gas station lost \$1,749 to robbery in 2004.

Some of the crimes are not about money at all; they're about free-floating anger. When gas prices are high, more people get "pump rage" and try to drive off without paying for gas. The Indian and Pakistani immigrants who own and staff many stations bear the brunt. After 9/11, people who were angry at some vague combination of OPEC and Osama bin Laden attacked a hundred clerks at 7-Eleven gas stations and convenience stores in a month. Five men were killed for looking "Middle Eastern." A photo of bin Laden in a 7-Eleven uniform circulated on the Internet. The National Association of Convenience Stores issued a list of tips to discourage customers from attacking employees—including posting flags near the cash register.

In this harsh microclimate, B. J. maintains an impartial vigilance. When a woman enters and asks to use the phone, he activates the indifferent stupor, gesturing vaguely in the direction of a pay phone.

<sup>2</sup> Just about the only bad things that haven't happened in gas stations are the things we think happened there. Urban legends about AIDS-tainted hypodermic needles supposedly hidden in nozzle handles have flown around the Internet for years. There's never been a legitimate newspaper account of that happening, though it fits with a larger sense that "anything" could happen in a gas station. Stories about cell phones allegedly igniting fuel at the pump are also apparently without basis in fact.

More alarming, though, is what *has* happened. Between 1997 and 2004, at least 163 people were hit by flash fire while fueling their cars. One person and one dog were killed when the fuel was ignited by static electricity (often caused by sliding across car seats in winter clothing). Reports of these stories and others can be found on the Web site of the Petroleum Equipment Institute, [www.pei.org/static/fire\\_reports.htm](http://www.pei.org/static/fire_reports.htm). In January of 2002, a customer driving a Ford 150 experienced the following:

*Customer paid clerk \$20. Started nozzle pumping and got back into truck because it was cold. She noticed pump had passed \$20 and jumped out to grab nozzle to stop gas. Vapors burst in a big fireball.*

In May of 1996 a customer driving a Honda Accord wrote:

*My son went from the rider's side of the car, opened the fuel door, and unscrewed the cap. Took the nozzle from the dispenser and put it in car. Before dispensing began, flames shot out like a dragon shooting out fire.*

Though most pumps have been modified to avoid the fires, it's probably worth grounding yourself by touching your car's door handle before touching the gas nozzle.

In a less charitable person, working in a gas station would have long ago brought on moral exhaustion and cynicism, but B. J. has created a worldview that embraces the station. "Everything is in the gas station," he says. "Good people and bad people are here. Not many honest people."

Spending mornings with B. J. gives me time to reconsider the extreme disinterest I've noticed in convenience store clerks over the years. B. J. is clearly operating the selective stupor on a very high level—perhaps as a watchful hibernation, or a trancelike sensitivity to the station's periphery. Anyway, he has perfected the art of being aware of the bad people going round without letting on that he's awake.

A man comes in carrying a tiny dog and asking for M&M's; B. J. gives him a big grin.

A woman asks for the restroom. B. J. waves noncommittally at the sign, "No Restroom," and the woman pixillates back into the fog.

When a gnarled old man with a froth of white hair and huge yellow shooting glasses hands him a \$10 bill, B. J. says gently, "Hello, my friend, how are you?"

However harsh the gas station microclimate is, it's also a neighborhood for anyone who wants one. One industry focus group was surprised to find that customers had "deep feelings" for clerks. "Convenience store clerks are at the bottom of the retail ladder," says Jay Gordon of industry publication *C-Store Decisions*, "but that's not how people perceive them. One woman described her local clerk as a "superhero, with six arms, always giving directions, napkins, and keeping things moving. Superhuman."

One morning B. J. talks about how he left his family's farm in India in 1984. His family feared he'd be persecuted because he was Sikh, and the family's oldest son, so he left the country. He went first to Singapore, then Malaysia, Australia, New Zealand, Canada, and finally New Jersey, where he worked in a relative's gas station. His English is haphazard. "New Jersey. My skin no like cold. Look ugly. My ears turn black." He grins at his ghoulishness. "I pack up me money and I come here." California. His family has joined him here. His daughter is a nurse, his son an X-ray technician, and his son-in-law an engineer who's getting his MBA. Back in India, his younger brother runs the farm. B. J. has a theory about gas stations and life in general: "If I am good all is good. If I am bad all people look bad. I am nice and I have nice kids. If I am bad they will

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steal. . . ." He explains this to me a few times until it takes on the attributes of a philosophy.

The customers keep coming. They buy energy drinks and power bars and candy and Visine: Everyone spends time in front of the coolers, which are called "the vault." The name properly recognizes both their position in the store—always opposite the door—and their role in bringing in a high percentage of the store's profits.

Snapple is advertising a drink involving bananas. The decal on the cooler says "Release Your Inner Chimp." I look at the stream of distracted people coming into the store and wonder how many of them are attracted by the faux naughtiness implied by "Corn Gone Wrong" and "Release Your Inner Chimp." Why is it that the coolly rational customers who shop ruthlessly for the cheapest gas turn into formless emotional mush—susceptible to the likes of their "inner chimp"—when they enter the convenience store?

"**I make more** money selling water than gas," says owner Michael Gharib. "And the gas gets shipped around the world and goes through a refinery and still my customers want it cheap." Wearing a pressed pink-striped Ralph Lauren shirt, Gharib arrives at the station ready to spread his sense of order, compulsively arranging the mints as he talks about the twenty years he's owned the place. When he started he made his money selling gas with a profit margin of 10 cents a gallon, but as gas margins have fallen, he uses the store's 25 percent margin to boost the overall business. He moves on to dust the Daffy Duck Pez dispensers, straightens the STP carb cleaner, and leaves the dusty Fritos in a cup alone on the bottom shelf. Onward to the Skittles! Gharib has the shoulders of a weight lifter, and big, liquid brown eyes. When he's in the store it seems suddenly smaller, its two hundred products ajumble until he personally straightens them. As I watch him, it dawns on me that the thing I've thought of as a gas station for the past twenty years is actually more of a Skittles emporium that sells gasoline.

The candy wizards, for example, contain about 50 cents profit. To make that 50 cents selling gasoline, the store would have to sell 10 gallons of gas. (And presumably the wizards are not combustible.) Nationally, sunglasses have a 100 percent markup, ice is 60 percent, candy is

43, and cigarettes are 19. Gasoline's profitability has been falling over the past few years, reaching just 7 percent in 2004, the lowest in twenty years. It seems that the more ruthlessly we shop for the cheapest gasoline, the more vulnerable we are to the likes of *Corn Gone Wrong*: Impulse buys make up three-quarters of the \$132 billion spent in convenience stores. The gigantic economy of oil marketing comes to one ironic point: Selling gasoline in America requires the assistance of candy wizards.

**Running a station** is a tough business: One in six gas stations has closed in the last ten years. Gharib has a competitive edge, an attention to the details and balance sheets that has stood him well.

In the early 1980s Mobil owned the station. Gharib, a mechanic, leased it from the company. He had to sell Mobil brand gas but he got a guaranteed profit of 10 cents a gallon, and he ran the garage as a business. He never had to worry about gas prices, maintaining the pumps, or whether the tanks under the station met the latest code. A phone call to Mobil took care of virtually everything. In return, Mobil, like other brands, depended on men like Gharib, who had relationships with their customers, and their cars, to draw in business and sell more gas. Gharib, who was born in Iran and is fluent in American culture, was probably a good draw—he's friendly, warm, and shrewd. Let me put it this way: His wife is one of his former customers. But the business of selling gas changed. Mobil stopped spending money to keep up the site and then sold it to another brand, which also didn't put much money in. In the early 1990s the station had just two old pumps. "The brand didn't see the money in this location," says Gharib, "but being here ten years I knew the potential—it's convenient, and half the customers have been coming here for years and years. Firemen, police. Middle class."

Gharib swung a deal to buy the station, remodeled it, and named it Twin Peaks to make it part of the neighborhood. (He and his wife designed the logo on their honeymoon in Fiji. "There was nothing to do but sit on the beach and scuba dive," he says. And think about gas stations.) He reopened it as an independent, selling unbranded gasoline at discount rates. As the market got tougher, he added the convenience store. Eventually he leased the garage to another mechanic.

Gharib has agreed to let me hang out in his station because he sees himself as part of a brotherhood of independent station owners. Independents own about 35 percent of the stations in the United States, but they are overshadowed by the major oil companies with their big flashy brands and advertising. When I called Gharib and introduced myself, he was amused by my request, but agreeable. "There's not much to see," he cautioned, adding that he won't talk with TV reporters anymore. "They're really interested in us when prices are screamin'," he says, but when the interview appears on the news, they've lost all the nuances. "It's totally different," he says. "It reflects badly—not on me personally, but on the whole industry."

Independent stations see themselves as underdogs. They buy gasoline from wholesalers called jobbers, who buy wholesale gas on the spot market and truck it to them. The gasoline they sell is chemically identical to that of the branded stations—it comes from the same refineries, travels through the same pipelines, and sits around in the same tanks. But while the brands advertise that their gas contains special detergent formulas, the independents all use a generic formula and discount the wholesale gas by 2 to 3 cents per gallon. Without national advertising or a strong image, independents often try to keep their prices lower than the branded stations, which means they have to skillfully navigate both the wholesale market and the retail market. They're wily and willing to take risks, and they need a reasonably large line of credit. "You can make a lot of money," says Gharib, "but sometimes you make negative. When the refineries sneeze we're vulnerable."

Gharib invites me back into to his office, a tiny cinder-block room containing a metal desk and two metal chairs. He sorts his mail between the minarets of a plastic Taj Mahal on the desk. The space under the desk is filled by three and a half sacks of quick-setting concrete mix. Stacked on a shelf by his left ear is a pile of video decks and a TV for the surveillance cameras. There is a folding chair on the right side of the desk, but it has a gas nozzle on it.

He points to the end of the nozzle that connects with the hose. "Break-away valve," he says. "Separates at twenty pounds of pressure." If somebody drives off with the hose in the tank, Gharib can just replace the nozzle and break-away valve rather than having to replace the whole pump. Twice a month somebody drives off with the nozzle in his or her



tank. "Friday. Hot. Nice weather. You're talking on the cell phone and the kids are driving you nuts. . . ." He shrugs. Some drivers are embarrassed and try to pay immediately, but the majority insist it wasn't their fault and some claim they don't have insurance. In the gas station, something seems to tempt good people to act bad.<sup>3</sup>

Gharib pulls up a eadsheet on his computer to show me how the price of gas is constructed. Today \$1.61 and 9/10 is the price for regular. Of that, 37 cents a gallon are the state and federal fuel tax and superfund taxes. Sales tax costs another 13.3 cents, and when the price rises, the tax goes with it. Visa and MasterCard make 3.8 percent on every card purchase, which make up seven out of ten fill-ups. Then there's the property. "Something as basic as this"—he waves at the cement walls—"is \$1.5 million for the property and another half million for the station. You carry a mortgage on that and pay additional tank fees and maintenance." And then there's wholesale price and overhead: That puts Gharib's margin at 5 to 6 cents a gallon today, which isn't a lot, but with his low prices he does high volume.

Gharib believes he needs to keep his prices approximately 10 cents lower than nearby brands to attract customers. When prices are stable, that's easy—there's plenty of gasoline on the wholesale market, and he can easily stay under the brands and still be profitable. When prices are climbing, though, Gharib is in danger—he needs to lower his profit margin quickly to stay competitive with the brands, which are cushioned against price rises by the refiners. He needs to be able to make a quick decision. Should he fill his tanks at today's price, assuming tomorrow's will be higher? Or should he wait until after midnight, hoping tomorrow will be lower?

When prices are falling, he's in worse shape because he needs to be sure that he hasn't filled his 8,000-gallon tank with expensive gas that he has to sell at a loss to be competitive with the brands. What's worse, when prices climb steeply, it's usually because the refineries don't have much fuel, and then the wholesale gasoline price can be 10 cents more

<sup>3</sup> Long ago, gas station designers gave up on the idea of changing our behavior and decided to focus on minimizing damage. Throw your car in reverse and back over a pump: You will not end up in the tower of flames you see in the movies. Instead, the top of the pump will flop over and hidden valves will shut off the gas at ground level.

than the branded gas. That's an inversion. "If you started your business in an inversion, it really scares the heck out of you," he says. "You can lose thousands of dollars in a day." Gharib never takes days off, he says, and if he's with his family, his cell phone is always on. "I imagine my retirement floating out there like an oasis"—he smiles—"and I'm getting into real estate."

**Small businesses** aren't for scaredy cats, but being an independent gas dealer is particularly rough because you're working in a market dominated by some of the biggest corporations in the world. When the major brands sell gas through their dealers, they maximize profits by selling to some dealers at high prices and to others at lower prices. Sometimes a station near a freeway entrance will be 15 cents higher than the same brand on a busy corner with competing stations nearby. This is called zone pricing, and refiners determine prices for different stations based on the neighborhood, competition, and traffic volume, among other things. (Though they don't like to talk about zone pricing or their criteria, it seems clear that they create a computer analysis of every station in their chain and assess the competition, to create pricing models.) This system is controversial—and it makes some dealers and consumer groups furious. An investigation by the Federal Trade Commission in 2000 described zone pricing as "an earmark of oligopolistic market behavior," but by 2004 the commission concluded that it was okay, because while it hurts some consumers, it helps others. If prices are too high at one station, you can always go elsewhere, it reasons.

The retail gasoline market is tremendously complicated. One thing that analysts and the Department of Energy agree on is that independent gas stations help keep gas prices lower by competing with the brands. However, zone pricing gives brands a competitive advantage because they can choose to reduce prices at some stations so that nearby independents cannot compete. Where brands drive out competitors, consumers probably will have to pay higher prices. Because the market is so complex, and constantly evolving, there's a fear that regulations to limit the power of brands may end up backfiring and hurting consumers. For example, forcing stations to sell gas with a minimum markup, which is the law in eleven states, may end up punishing consumers because it pre-

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vents big discount chains from opening "hypermarts," which sell high volumes of gas at very low prices.

**Gharib says** he's squeezed by both his customers and the refineries, but he can't resent either one. "Everybody's pissed at the oil companies," he says, "and the refineries are probably making a killing. But if they don't make money we'll be out another refinery. Then what will we do? Ride our bicycles?"

Gharib says that environmental regulations hit independents worse than the majors. California's requirement that stations replace their underground tanks in the late 1990s put many independent gas stations out of business. He ticks off some of the other certifications and tests required by the federal, state, county, and city governments. "I used to have just two certificates," he says. "Now I have filled up three frames with these things. With the last two I just taped them to the wall."

Above Gharib's desk is a bank of video decks and a small TV, which shows the station from different angles. "This is probably the best investment I ever made," Gharib says, craning his neck at the TV. "Twelve thousand dollars. I've got eight cameras and sound too. You have to have this."

In the industry, employee theft is called "merchandise shrink," and it apparently costs an average of \$11,378 per store. That seems impossible here—who would want to steal that many Dr Peppers? One manager before B. J. stole \$70,000 over the course of a year and a half, Gharib says. Another employee came back and held up the store. "B. J. is really the only person I trust," says Gharib.

Sitting in the little cinder-block office, I'm not sure why anyone would agree to sell gasoline; between rude customers, ruthless competition, and pilfering employees, you could be broke or dead in an instant. Gharib laughs. "I've always got an exit strategy." But then too, this business is so difficult it's fun, and maybe that's what makes it attractive. Whenever he thinks about leaving, he has another idea for making money.

Just last week he took a critical look around the store and decided the greeting cards had to go. He's replacing them with an ATM, which will yield a profit of about a dollar a transaction—similar to selling 20

gallons of gas, except that you don't have to worry about an ATM catching fire, leaking into groundwater, or evaporating.

**Once I started** hanging out in gas stations, I saw their skeletons everywhere. My drives around town became expeditions through an old gas station battlefield. One near where I live is now an Ethiopian restaurant. Steam from cooking fava beans curls out of the old office. Farther down the same street is the hulk of a Texaco station—the green and white tile gives it away—which now hosts a cactus nursery. Another is a mattress discounter. They are the last living reminders of gasoline wars long gone by, and they tell the story of how the industry has adapted.

The first gas station opened in 1907, and the Model T Ford came out the following year. From then on, oil companies were in hot competition for customers. Refineries were expensive to build and relatively cheap to operate, so oil companies focused on building powerful brands and occupying more land to sell more gas. They played for market share rather than profits. This same somewhat dysfunctional business strategy continued until 1973, when the Arab oil embargo changed the gas game for everyone.

In the early days, stations spread along roads and highways like weeds. In 1920 there were 15,000 stations in the United States; by 1930 there were 123,979. In one six-week period in the 1920s Shell threw up 100 identical gas stations between San Jose, California, and Santa Barbara—one station every 2.6 miles. Early stations were designed to look familiar and substantial, like cottages or university buildings, but they gradually developed ideas of their own. Frank Lloyd Wright saw stations as the “embryo” of a “well designed, convenient neighborhood distribution center” in one of the utopias he designed.<sup>4</sup> If you forget the part about utopia, his vision has been achieved in every local 7-Eleven. Gas stations were the seeds for roadside sprawl, incubators for our peculiar highway culture of a “home away from home” everywhere you go.

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<sup>4</sup> Wright's plan called for the gas to come down in hoses from above, reminding historians of one of his favorite images: the cow. “Could it be that the famous architect saw petroleum—which he lyrically described as ‘the wealth of states, the health of nations’—as the machine age counterpart to the cow's milk?” speculates Daniel Vieyra, in his book *Fill'er Up*. “As Wright asked, ‘How many trusties and lusties besides her lawful calf have pulled away at her teats these thousands of years?’”

Keane's crew ended up designing a tall thin pump, which made filling SUVs easy, shed lots of light, allowed customers to make eye contact with the attendant, and could offer Internet access. And one more thing: It resembled a tree. "Most sites are ugly," says Keane. "We wanted to incorporate natural forms. The more you reconfigure the [gas-buying] experience towards the positive, they might feel better about themselves and go for a fill-up."

The pump does a neat job of selling gas without focusing on the gas. But here again, it has to deal with a contradiction. If asked, people will say they shop for gas based on price. For gas that is 3 cents cheaper, 40 percent of us say we'll switch stations; for 8 cents, all of us say we'll switch. Yet when it comes to gasoline, marketers say consumers are unreliable narrators: We lie. "The vast majority are puritanical," says Keane. "They will never admit they shop for convenience, entertainment, and looks."

### **Regular Unleaded \$2.55<sup>10</sup>/<sub>10</sub>**

It's the summer of 2005—two years since I first hung out in Twin Peaks. I've come back periodically, but this time the station looks bleak. Where the poster of the snowman drinking the cola hung there is a plain white sign with red lettering: HELP WANTED TAKING APPLICATIONS. A hearse is parked at one of the pumps.

B. J. is nowhere to be found. Talking to the young Nepali clerk is a struggle. The shelves are a war zone between five flavors of corn nuts, four flavors of Skittles, five flavors of Cheetos and eight of Doritos. The candy wizards are gone. Energy and power bars occupy a whole shelf. Their names sound like gasoline additives: Protein Plus Carb Select Chocolate Peanut Butter." In the drink vault there are energy drinks named Rock Star next to Slenderize and Meal Replacement Drink.

Beneath its dull facade and bizarre array of products, the C-store gas station is a perfectly tuned reflection of my irreconcilable desires and peccadilloes. "Neotraditionalists," according to a ConocoPhillips study, want ATMs and convenience but with service delivered "the way it used to be." Gimme a rocket ship and a scullery maid. Or give me oil from a village in Ecuador at a price low enough that I can treat myself to pure spring water. Or a drink that will make me thin. Gas pumps shaped like trees? Sure. At the gas station, there are no limits.

Michael Gharib comes in, again in a perfectly pressed pink shirt, wearing rimless glasses. He talks briefly with the clerk, who grabs a pole and some new numbers and heads out to change the sign. Gharib is, as always, upbeat, but he is not optimistic.

"I have to change prices two times a day, maybe more, as the market has become more volatile," he says apologetically as we watch the clerk post the numbers.

I ask how the ATM worked out. It didn't. It took up too much space and didn't bring in enough profit. Meanwhile, the industry has only gotten tougher.

"Before, we were inverted two times a year. Now it's half the year that our prices are higher than the branded. The refineries are running at capacity, which makes the market volatile. Even if there's a rumor of something in a refinery the prices go up like a rocket and then trickle back downwards. As we speak the branded prices are 7 cents below mine—these guys are selling gas below what I buy it for." He shrugs. He says it would almost be worth it for him to buy gas from his competitors and resell it.

He takes me back to his office, where the mail is still sitting between the minarets of the Taj Majal. Now, he says, he's making a few hundred dollars a month by putting ads on top of his gas pumps. He pulls out next month's ads: Mini Cooper cars, MasterCard, and long-distance calls in Farsi.

"It's just another thing I need to keep track of," he says, rolling his eyes. "I was a gas station, not an advertising firm. It's an evolving business. You really have to stay on top of it, and it's very difficult. I am closer and closer to closing."

B. J., he says, left to start his own convenience store with his family. "That was tremendous," he says. He looks exhausted.

I go out to the yard. The sign has been changed. Now it reads:

**Regular Unleaded \$2.59<sup>9/10</sup>**

What is the deal with the 9/10?

Gharib laughs, looking relaxed for the first time. "It's the invisible penny," he says. "It's a fixture. It's the built-in penny that nobody sees. We're trying to get everything we can." Every gallon of gasoline sold in



> must remove the word "credit" from his signage or they will fine h  
> \$5000 a day starting on March 9. He protested that he would be  
> breaking the law and he's been told that he should just cover up t  
> word credit with tape, not make a fuss, and avoid the fine. He's  
> refusing on the grounds that Visa shouldn't be trying to interfere  
> with his business, he doesn't want to break the law, and consumers  
> shouldn't be deliberately confused. He would love to talk--cell  
> 415-216-5106 and office 650-344-7354.

>  
> Feel free to call me if you have questions. And best wishes on you  
> gas reporting--I was very intrigued by the "fluffy" hot gasoline  
story

> a few days ago, and today's about tv's at the pump.

>  
> Lisa Margonelli  
> 510-836-7900



the bow cover to become the hard top of a party boat suitable for entertaining 10 guests. There is a fridge, freshwater sink, fold-out table, deck and private head.

100T model, which costs \$30,000. (The Duffy boats range in price from about \$28,000 for a 16-foot classic to about \$50,000 for a decked-out 22-footer.) Lear

New York Times Sept. 26, 2007

## Seeking Ways to Cut Fees on Credit Cards

By JEFFREY SELINGO

**T**HE sign advertising the gas prices at Twin Peaks Petroleum in San Francisco may remind drivers of days gone by: there is one price for credit and another, lower price, for cash.

Frustrated with credit card processing fees, the owner of the independent station, Michael Gharib, reintroduced the split pricing a year ago. Since then, he says, he has reduced by a third what he pays to banks and companies that handle card processing, to about \$3,500 a month.

"It's a big part of our costs, and when gas prices go up, so does the fee," Mr. Gharib said.

With more Americans than ever using plastic to pay not only for high-price items but also everyday purchases like groceries, small businesses in particular complain that their profits are squeezed by card-related fees.

Even experienced merchants say that the fee structure for accepting plastic is confusing. Visa and MasterCard charge different rates, called interchange fees, depending on the credit card that is used. A debit card with a PIN has the lowest interchange fee; a credit card that offers reward points has the highest.

The companies that process the cards add another fee, so the merchant's total cost for accepting Visa or MasterCard can be a bit more than 3 percent of a transaction. (The rates for American Express and Discover are more straightforward, because they contract directly with merchants.)

That additional processing fee can vary greatly from company to company, said Bob Carr, chief executive of Heartland Payment Systems, a payment processor.

He recommended that small businesses compare the rates charged by processors before picking one. "Get your processor to separate out the monies going to Visa and MasterCard from the fees going to the processor," Mr. Carr said. "The big retailers know what they are paying for that service, and the little guys almost never know."

With processing fees being

the checkout to accommodate them, Mr. Patterson said, but the cost of installing the machines can be quickly recouped through savings in fees.

But steering can also turn customers off. "It's very difficult to encourage when banks tell customers to use credit," said Nicholas D'Agostino III, president of D'Agostino Supermarkets, a chain of 18 stores in New York. For example, many banks do not offer reward points on PIN-based transactions.

In January, Mr. D'Agostino plans to put in a device at the checkout that will allow customers to pay electronically using a fingerprint scan and a PIN. Mr. D'Agostino said the fees on the transactions, which will be processed through the Automated Clearing House payment system, will be only about 15 cents no matter how big the transaction.

To combat credit card fees, other small businesses are going to court, joining antitrust lawsuits against the two major credit card companies and the payment firms.

K. Craig Wildfang, a partner at Robins, Kaplan, Miller & Ciresi, who is representing merchants in one such class-action suit, said that while they must accept cards to remain competitive, they are unable to pass the added fees on

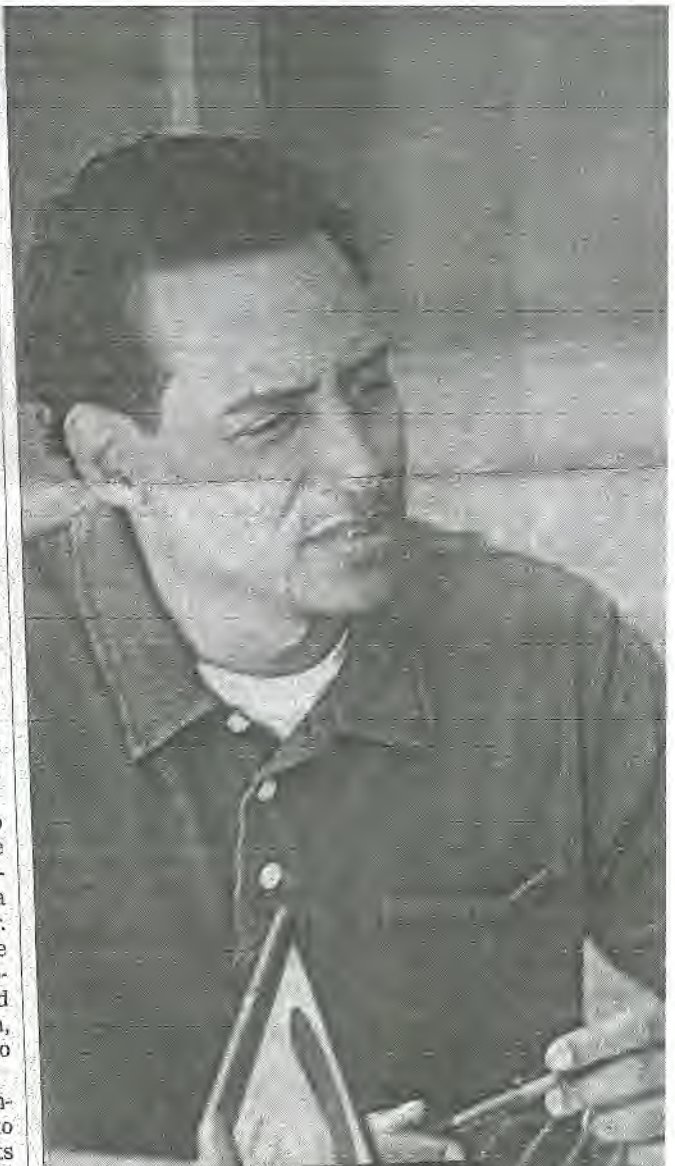
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The challenge is to push cheap payment methods, but subtly.

---

to customers based on the type of card they use. "The fees are completely hidden to the customer, so they just pull out whatever payment they prefer, and the merchant is stuck with the higher costs," Mr. Wildfang said.

MasterCard and Visa and the firms that process the transactions oppose attempts to change the system. Rosetta Jones, a vice president at Visa USA, said that adding the processing fees to a customer's bill would only hurt



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With the guidance of a Dell expert trained in small business, we can help you find the right for you. First, they'll assess the needs of your business. Flexible notebook solutions allow you to choose from 12.1" to 20.1". And you get 24/7 dedicated phone support. Day Money-Back Guarantee on all Vostro systems. Dell has shipped more notebooks to small businesses in the past 12 months than any other company today, and build the notebook that's exactly

**Michael Gharib**  
**Twin Peaks Auto Care**  
**598 Portola Drive**  
**San Francisco, CA 94131**  
650-344-7354  
Email: *c4gharib@yahoo.com*

March 14, 2007

Dear Senator Feinstein,

This past Monday- March 5, 2007- I was contacted by a representative from the company that processes my credit card transactions. They stated that VISA was going to fine me \$5,000 if I did not change my signage at my gas station.

My wife & I own and operate an Independent gas station in San Francisco- Twin Peaks Auto Care. We have had the same location for over 22 years and know all of the ins and outs of the business. We offer a cash discount as well as accept all types of credit cards. VISA is bullying us into changing the word "Credit" on our signs to "regular", "standard" or nothing in order to avoid a \$5,000 fine. They are citing a section in their merchant "Rules and Regulations" that states that merchants cannot impose a surcharge, but may offer a cash discount (page 10 of Rules for VISA merchants).

As our signage is regulated by Dept. of Food & Agriculture- Division of Measurement Standards and we comply with their rules, we feel that VISA should not be in the position to regulate the words on our sign. A letter dated February 15, 2007 from that department indicates this issue has been addressed (see included letter) and yet VISA is still proceeding. Further discussions between the Division of Measurement Standards and the Visa processing this past week has resulted in the state saying that they will not approve any other wording on our sign to replace the word "Credit".

As an independent gas station, we do not make the trend but rather follow the trend in the industry. There are many gas stations in San Francisco and throughout California with identical signage- including branded gas stations such as Valero & Unocal- that are not being harassed in this way. They have identical signage and/or similar words used and they have not been approached. In fact, Valero branded stations have this exact signage in their company rules and yet VISA has not threatened them. When asked "why us?", we were told "because you are in their (Visa's) backyard". We are located in the center of San Francisco and are relatively high profile due to our unique location as well as several recent articles featuring our gas station. There is certainly the feeling that VISA is unfairly targeting us because we are recognized; they are trying to use us as an example to force other independent gas stations to comply while they are leaving branded stations (i.e. Unocal, Valero, Chevron...) alone. We feel completely out of our league and cornered by such a large company that is trying to force us to do something against state rules and regulations and singles us out in an industry that is highly regulated across the board.

The ramifications of complying with VISA would be two fold- going against a government regulatory agency that would result in a violation and eventual shut-down as well as the possible

rise in gas prices offered. We believe consumers would be completely baffled by the changes VISA is asking for. The only one who wins is VISA.

VISA has given us until March 30th to comply with their demands before penalizing us with a \$5000 fine and revoking our VISA/ Mastercard acceptance priveleges.

We urgently need your support and a response to delay and possibly halt further actions.

We appreciate any assistance with this matter.

Best regards,

*Michael Gharib*

Michael Gharib

Owner, Twin Peaks Auto Care

**Potential Outline of Testimony  
for  
Michael Gharib  
before the  
Antitrust Task Force of the House Judiciary Committee**

**Background**

In our regular weekly meeting of the PR and messaging consultants held at Weber Merritt on Friday of last week our primary objective was to refine message points around security, unsolicited credit card solicitations and fuel. As part of that discussion, we began to discuss possible content for the House hearing we're anticipating shortly.

This document hypothesizes that we could invite Mr. Gharib to testify as his story can have a decidedly consumer focus, but also make the important link back to the interchange and antitrust and transparency issues around the rules that are important to our effort.

With that in mind, here is a short outline of what I believe Mr. Gharib could point out should he be agreeable to testify and someone we could secure as a witness.

**Key Points to which Mr. Gharib could testify and their significance**

**What prompted his move to offer cash discounts?**

Here he would introduce his story which is essentially that the cost of accepting card payments spurred his decision to try and incent customers to pay cash. Here he could easily talk about how the fees are set, secrecy, anti-trust and price fixing charges that many are litigating about. But, essentially his opener would make the case that it was the fees that started all that came after it when he tried to implement a cash discount program. This is especially important to us to make the tie to interchange and antitrust early and then close strongly with the harm to the consumer because of it.

**What went wrong when he introduced his cash discount program?**

Here, our view is that Mr. Gharib would walk through quickly what was necessary to get his program underway. He has great visuals of his signs depicting Cash/Credit pricing as well as copies of subsequent signing where the word credit is blocked out after Visa threatened to shut him down and fine him. He also has a great story to tell about the analysis he did of his business which made it clear that he could not afford to alienate Visa or his processor as Visa is 70% of his fuel business, but at the same time, he can say with authority that the Visa interpretation of the rules on discounting were clearly at odds with California law and that he had to pick the lesser of two "evils" if he wanted to continue offering the discount. Here, the take away point would be that Mr. Gharib was trying to help consumers and himself (given that it was a 10 cent differential per gallon)

on fuel prices, but the pressure he got from Visa and the reaction of the CA weights and measures folks put him between a rock and a hard place with a hard deadline of March 30 to come into compliance with someone, and he chose Visa (a clear indication of their market power).

Mr. Gharib can also document that he indeed planned to order new sign lettering to be able to assuage Visa by using the word Standard instead of Credit in posting the higher price...so the point is he was following their dictates. Takeaway is that the rules and/or the information in the New Merchant Handbook don't say anything about what wording is acceptable or not, so transparency and, even worse, having to react to someone's interpretation of what's written is something he can honestly say makes you want to scratch your head and say: Why is this so difficult when all I'm trying to do is offer consumers an option and save what I can on card costs?

### **He had Options**

One of the things that Mr. Gharib and I discussed early on was the fact that he did not have to offer the cash discount and therefore avoid all the red tape he was running into. His response was that this is a matter of principle for him and that he felt consumers should have a choice. Therefore, he remained committed to offering the discount even though he was still not completely in compliance with the state of California which has yet to rule on what language they believe is in the best interest of consumers. Nevertheless, by keeping California informed of the power of Visa and his desire to help consumers (and himself), he made it clear that he was going to take the Visa desired path and hope to work out things with CA in the interim or that Visa would work with CA.

Key takeaway here is that this one gasoline marketer had the heart and nerve to pursue his primary objective of lowering costs for consumers and mitigating his own card costs.

### **Resolution**

Mr. Gharib would also be able to tell the task force exactly what the state of the art is today for him and that is that CA still has issues. He may also be in a position to wonder out loud how a credit card company can simply make whimsical interpretations of words that ultimately harm consumers and threaten merchants. He has the threatening letters to prove it. In the end, he was caught between a rock and hard place, but held his ground and the card company backed off and is now waiting to see what CA determines.

## **Conclusion**

Mr. Gharib could make the final and very persuasive concluding remarks:

1. I was trying to offer consumers a choice and mitigate card costs myself as the interchange fee system is out of control, illegal, and transparency and clarity around the rules does not exist for merchants.
2. He could also say that under duress, he had to choose to follow Visa's advice, lest he lose a big chunk of his business or face penalties despite the fact that CA was not in agreement. He would reiterate why he did not abandon the cash/credit pricing idea to reinforce the consumer angle.
3. He could also recap all the good faith dealing he did by ordering new signage and basically doing what Visa told him to do which would be connected to an argument potentially that they abuse their market power randomly as well as across the board.
4. He would wrap up by saying that he is just one example of a merchant who is faced with ambiguous operating rules and very high, and likely illegally priced costs associated with card payments.
5. The ribbon to sum this up would be that he is simply a merchant trying to do what is best for his customers and his business and that, to this day, he is still not clear on how this will all turn out when CA finally makes its decision about what language works in the interest of CA consumers from their point of view or what Visa may be working on as we speak.



*Thank you  
for Your  
Support*

*Filing Date:* July 8, 2016  
*Case No.:* 2016-009051LBR  
*Business Name:* Twin Peaks Auto Care  
*Business Address:* 598 Portola Drive  
*Zoning:* P (Public)/  
40-X, OS, 80-D Height and Bulk District  
*Block/Lot:* 2842/007  
*Applicant:* Michael Gharib, Owner/Operator  
598 Portola Drive  
San Francisco, CA 94131  
*Nominated By:* Supervisor Norman Yee, District 7  
*Staff Contact:* Stephanie Cisneros - (415) 575-9186  
stephanie.cisneros@sfgov.org  
*Reviewed By:* Tim Frye – (415) 575-6822  
tim.frye@sfgov.org

## BUSINESS DESCRIPTION

Twin Peaks Auto Care is one of the last independently owned gas stations in San Francisco serving the Twin Peaks neighborhood on Portola Drive. The site of the gas station has always been known to be an operating gas station, according to the 1950 Sanborn map. Twin Peaks Auto Care was founded in 1985 and continues to be the only gas and service station for the Midtown Terrace, Glen Park, Diamond Heights, Miraloma, and Forest Hill neighborhoods for up to three miles.

## STAFF ANALYSIS

### *Review Criteria*

19. *When was business founded?*

1985

20. *Is the business unique to San Francisco?*

Yes. The business is unique to San Francisco as it is one of the last remaining independently-owned gas stations.

21. *Is the business associated with culturally significant events?*

No.

22. *Is the business associated with culturally significant persons?*

No.

23. *Is the business associated with a culturally significant art/craft/cuisine/tradition?*

Yes. The business is associated with the tradition of providing individualized and personalized auto care services.



24. *Is the business associated with a culturally significant building/structure/site/object/interior?*

Yes. The 1930s property has been previously evaluated by the Planning Department for potential historical significance. The property is considered a "Category A Property" as part of the Laguna Honda Hospital site, an individually-eligible property for the National Register and an individually-listed property in the California Register.

25. *Is the property associated with the business listed on a local, state, or federal historic resource registry?*

No.

26. *Is the business mentioned in a local historic context statement?*

No.

27. *Has the business been cited in published literature, newspapers, journals, etc.?*

Yes. SF Gate, 8/15/1999, "Why does Bay Area pay more for gas?" by Kathleen Sullivan; Westside Observer, April 2015, "Last Gas Station West of Twin Peaks Endangered," by George Wooding; San Francisco Chronicle, "Drivers on lookout for Bay Area's cheapest gas;" *Oil on the Brain: Adventures from the Pump to the Pipeline*, by Lisa Margonelli; New York Times, 9/26/2007, "Seeking Ways to Cut Fees on Credit Cards," by Jeffrey Selingo.

### ***Physical Features or Traditions that Define the Business***

#### **Recommended by Staff**

- Large price sign
- Two metal canopies over gas pump stations
- One-story repair shop and convenience store



# SAN FRANCISCO PLANNING DEPARTMENT

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## Historic Preservation Commission Resolution No. 784

HEARING DATE AUGUST 3, 2016

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

*Case No.:* 2016-009051LBR  
*Business Name:* Twin Peaks Auto Care  
*Business Address:* 598 Portola Drive  
*Zoning:* P (Public)/  
40-X, OS, 80-D Height and Bulk District  
*Block/Lot:* 2842/007  
*Applicant:* Michael Gharib, Owner/Operator  
598 Portola Drive  
San Francisco, CA 94131  
*Nominated By:* Supervisor Norman Yee, District 7  
*Staff Contact:* Stephanie Cisneros - (415) 575-9186  
stephanie.cisneros@sfgov.org  
*Reviewed By:* Tim Frye - (415) 575-6822  
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**ADOPTING FINDINGS RECOMMENDING TO THE SMALL BUSINESS COMMISSION APPROVAL OF THE LEGACY BUSINESS REGISTRY NOMINATION FOR TWIN PEAKS AUTO CARE, CURRENTLY LOCATED AT 598 PORTOLA DRIVE (BLOCK/LOT 2842/007).**

**WHEREAS**, in accordance with Administrative Code Section 2A.242, the Office of Small Business maintains a registry of Legacy Businesses in San Francisco (the "Registry") to recognize that longstanding, community-serving businesses can be valuable cultural assets of the City and to be a tool for providing educational and promotional assistance to Legacy Businesses to encourage their continued viability and success; and

**WHEREAS**, the subject business has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years; and

**WHEREAS**, the subject business has contributed to the Twin Peaks neighborhood's history and identity; and

**WHEREAS**, the subject business is committed to maintaining the physical features and traditions that define the business; and

**WHEREAS**, at a duly noticed public hearing held on August 3, 2016, the Historic Preservation Commission reviewed documents, correspondence and heard oral testimony on the Legacy Business Registry nomination.

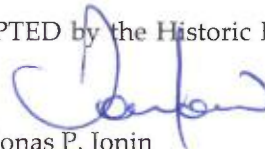
THEREFORE BE IT RESOLVED that the **Historic Preservation Commission** hereby recommends that Twin Peaks Auto Care qualifies for the Legacy Business Registry under Administrative Code Section 2A.242(b)(2) and recommends safeguarding of the below listed physical features and traditions.

*Physical Features or Traditions that Define the Business*

- *Large price sign*
- *Two metal canopies over gas pump stations*
- *One-story repair shop and convenience store*

BE IT FURTHER RESOLVED that the **Historic Preservation Commission** hereby directs its Commission Secretary to transmit this Resolution and other pertinent materials in the case file 2016-009051LBR to the Office of Small Business.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on August 3, 2016.



Jonas P. Ionin  
Commission Secretary

AYES: Hyland, Johnck, Johns, Pearlman, Matsuda, Wolfram

NOES: None

ABSENT: Hasz

ADOPTED: August 3, 2016