

Road Warrior: Why some gas stations now resemble construction sites

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No matter where the road takes them, some drivers keep seeing something that nearly amounts to an unreported epidemic.

"Why are so many ExxonMobil gas stations closed for renovations?" asked [Oakland](#) reader Dave Sandler, who has noticed shuttered pumps in [Maywood](#), [Paramus](#) and [Fair Lawn](#).

"One Exxon station in [Closter](#) closed for the longest time," said Donna Oettinger of [New Milford](#).

Other readers, too, report seeing their favorite ExxonMobils shut down in Jersey City and [Lyndhurst](#).

"Were they all sold?" Dave asked.

Yes, they were sold, mostly to former lease-holders who are maintaining the ExxonMobil brand. In the last few years, the big oil company sold off 236 of its New Jersey properties north of Ocean County, and the new owners of at least 90 stations were required to replace old, underground tanks that were in danger of leaking and causing environmental damage, said Sal Risalvato, executive director of the New Jersey Gasoline, C-Store Automotive Association, a group that represents gas stations and auto repair shops.

"Digging up old tanks, disposing of them properly and replacing them usually takes about a month or two," Risalvato noted, "but in some cases it's taking much, much longer."

It took 6 1/2 months before [Leonia](#)'s Meer Fazaldin could reopen his Newport station near the mouth of the Holland Tunnel in Jersey City.

"I thought the job would cost \$350,000," Fazaldin said, "but I ended up spending twice that much. I must have lost 15 percent of my customers during that time."

"I'm heavily in debt," he added. "Most customers don't recognize the pressure we're under just to keep our businesses going."

In the highly competitive world of gas retailing, in which the per-gallon pricing structure is largely determined by the fluctuating price of crude, most owners are happy simply to remain in business. In most cases, sales generated by adjacent convenience stores are necessary to

compensate — at least partially — for razor-thin profit margins. Credit-card fees also eat sharply into revenue.

Still, gas station properties in a densely populated, car-reliant state maintain their value. Risalvato estimated that purchase prices for each of the ExxonMobil properties ranged from \$600,000 to \$3 million — before tank-replacement costs were added.

"Once you start digging underground," he said, "there's no telling what you might find."

But dig they must — an added burden that lease-holders were willing to shoulder to be eligible simply to buy the stations that many of them had managed for years, even decades.

A New Jersey law, which was passed in 2009 at the urging of gas retailers, requires sellers — usually big oil companies — to offer each lease holder the first right to buy or refuse to buy their workplaces. Of the 236 stations in play, 190 were purchased by lease-holders in the last two years, Risalvato said.

Under the purchase agreements offered by ExxonMobil, he added, the new owners were required to replace underground tanks if they appeared to be faulty. The gas-retailer chief estimated that 90 of the 190 stations that were sold to lease-holders needed new tanks. In most cases, these old containers had not been built to new standards that require double-walled steel or fiberglass which generally qualify for 10-year warranties.

In his Jersey City example, Fazaldin thought he would be required to replace five tanks. But excavation uncovered three others that had been abandoned long ago.

"I had no idea they were there," he said. "They must go back to the 1950s or 1960s, before I managed the property."

ExxonMobil was willing to pay for some of the excavation costs, he said, but negotiations with the excavator stalled.

"Time was running out," he said. "The station was closed too long. I had to reopen or lose the business. So finally I said, 'Just get rid of them.' "

He figures it will take him at least three years to recoup his losses.

"I had to lay people off, even family members," he said.

Risalvato isn't surprised. Like Donna Oettinger and Dave Sandler, he, too, has seen too many construction sites where deep holes and big piles of dirt have replaced pumps and jobs for much too long. This recent phenomenon follows a longer trend — some consider it an epidemic — in which the number of gas stations have continued to decline sharply over the last two decades

"We got a good law passed," Risalvato said. "But this is still a tough, tough business."