



Submitted May 8, 2017
2016 Annual Report to the Colorado General Assembly

Status of the Colorado Paint Stewardship Program

Gary Baughman, Hazardous Materials & Waste Management Division Director

REPORT HIGHLIGHTS

There are 155 year-round/permanent paint drop-off sites across Colorado

- 94.6 percent of Colorado residents are within 15 miles of a collection site (exceeding the requirement of 90 percent)

Approximately 13.3 million gallons of architectural paints were sold in Colorado in 2016

- PaintCare processed 672,029 gallons of paint in 2016
- 75 percent was latex paint, 25 percent was oil-based paint
- 81 percent of latex paint collected was either recycled or beneficially reused

In 2016, PaintCare collected \$6,778,509 in fees, resulting in a surplus of \$1,355,206

- The processing cost was \$8.07 per gallon with a 5 percent recovery rate
- Surplus funds will go toward further outreach and collection events in 2017

PROGRAM SUMMARY

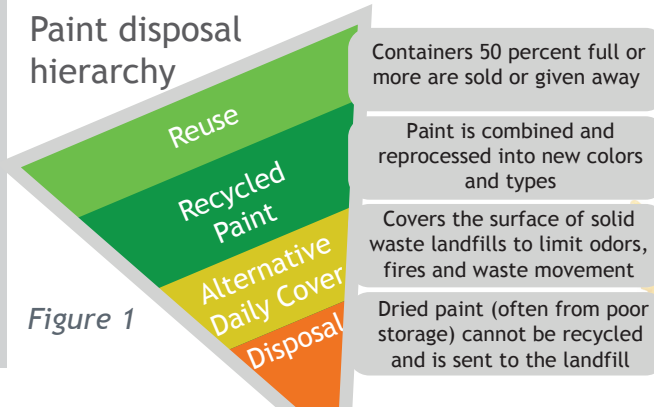
On July 1, 2015, the Colorado Paint Stewardship Program began managing unwanted paint in Colorado (as required by the Architectural Paint Stewardship Act). The act allowed for the creation of a stewardship organization to manage end-of-life options for paint. PaintCare is the non-profit stewardship organization selected to collect and manage unwanted paint statewide. In accordance with the act, fees were established on all new paint sales—35 cents for a pint or quart, 75 cents for a gallon and \$1.60 for five-gallon containers—to fund end-of-life paint management. PaintCare must establish convenient sites for consumers to drop-off unused latex and oil-based paint and must manage the collected paint in accordance with the disposal hierarchy (Figure 1). This program increases consumer opportunities to properly manage leftover paint and provides cost savings to household hazardous waste (HHW) programs. Before the implementation of PaintCare, HHW facilities with paint take-back programs incurred the associated costs. Now, fees from new paint sales fund paint take-back programs at HHW facilities and other PaintCare program expenditures.

The Hazardous Materials and Waste Management Division (the division) oversees PaintCare to ensure all aspects of the act and approved program plan are followed. The division also reports annually to the Senate Health and Human Services Committee and the House Public Health Care and Human Services Committee on program status and adherence to the act (Senate Bill 14-029, 25-17-401 C.R.S.).

PAINT COLLECTION, TRANSPORTATION AND PROCESSING

In 2016 PaintCare established 155 year-round drop-off sites throughout Colorado. To be classified as a year-round or permanent drop-off location, a site must be open at least one day per month, every month of the year. Sites that do not meet this requirement are considered supplemental sites. In addition to paint collected at drop-off locations, PaintCare also managed paint from 34 HHW drop-off events, 23 paint-only collection events (20 latex events and three PaintCare sponsored events), eight municipal door-to-door programs, 66 large volume pick-ups, a city maintenance facility, a painting contractor and a university that generated large volumes of paint.

Paint disposal hierarchy



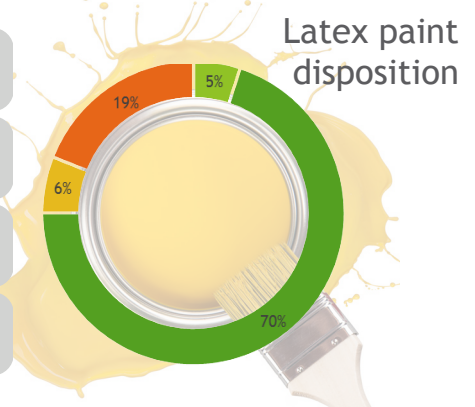
Containers 50 percent full or more are sold or given away

Paint is combined and reprocessed into new colors and types

Covers the surface of solid waste landfills to limit odors, fires and waste movement

Dried paint (often from poor storage) cannot be recycled and is sent to the landfill

Latex paint disposition



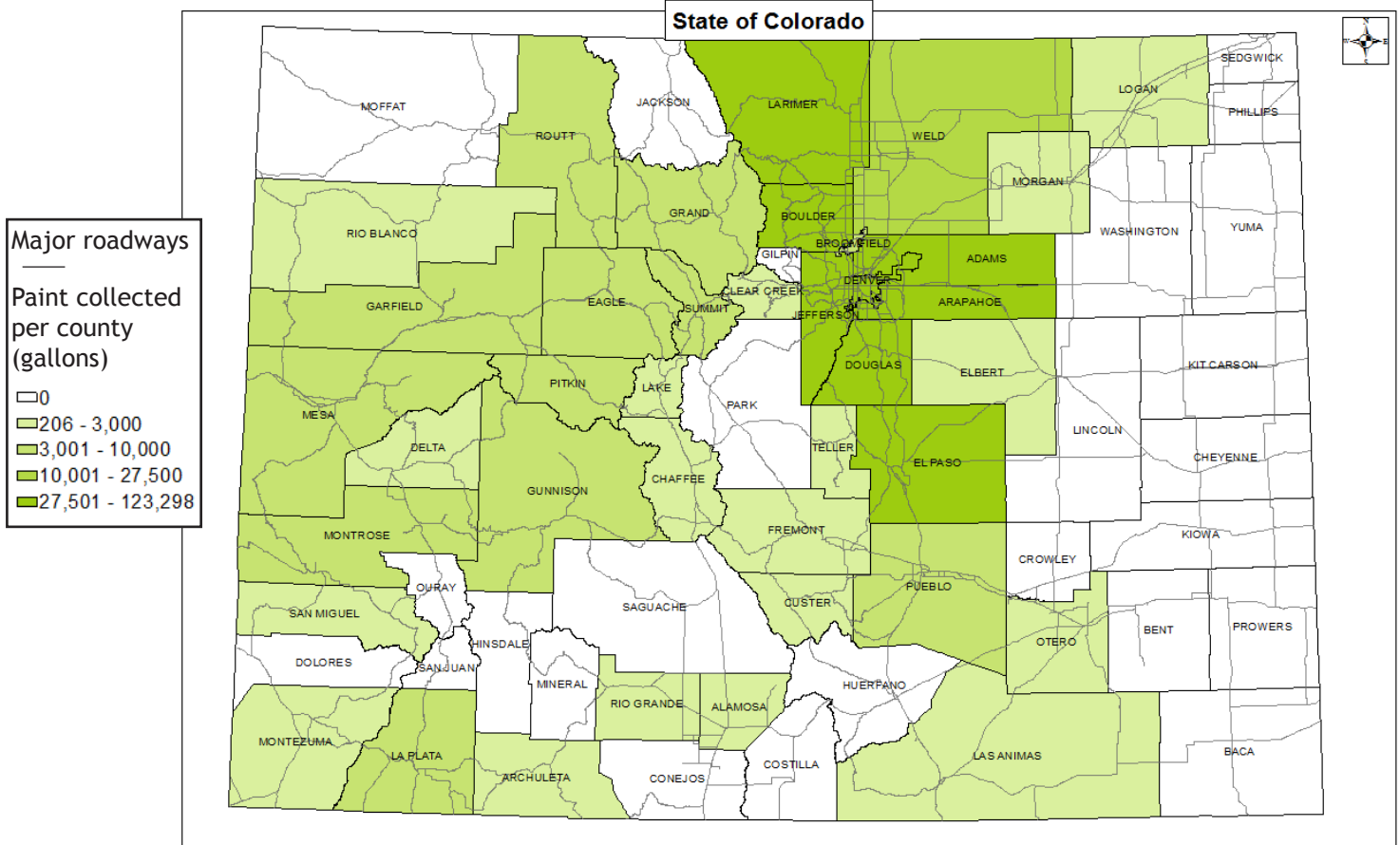


Figure 2: Paint Collection per County in 2016 (gallons)

Out of the 23 paint-only collection events, the three events hosted by PaintCare in Thornton, Denver and Brighton were the best attended with over 2,600 participants combined. The event held in Denver was the largest event across PaintCare’s nine state programs.

To ensure adequate collection coverage (as outlined in 25-17-404(2)(c)(II)(A) through (C) C.R.S.), (1) at least 90 percent of Colorado residents must have a permanent collection site within a 15-mile radius of their homes, (2) an additional permanent site must be provided for every 30,000 residents of an urbanized area and (3) annual collection events must be held in those areas where residents do not have a permanent collection site within a 15-mile radius of their homes.

To evaluate these criteria, PaintCare contracted Dewberry, a professional services firm with expertise in geographic mapping and analysis, to conduct a geographical information system (GIS) analysis. Based on this analysis, criterion (1) is met as 94.6 percent of Colorado residents have a drop-off site within a 15-mile radius of their homes. To meet criterion (2), several areas of the state need additional sites to meet the density goal. These areas are: Denver-Aurora, Colorado Springs, Lafayette-Louisville-Erie and Pueblo. Combined, they need an additional 33 sites. In regards to criterion (3), PaintCare did not host any rural events in 2016 but will do so in 2017 using surplus funds. Figures 2 and 3 are GIS maps, created by the division, displaying gallons collected per county in 2016 and population density with a 15-mile radius around each collection site.

Transportation

PaintCare used seven haulers for paint transportation in 2016: Clean Harbors Environmental

Services, Veolia Environmental Services, GreenSheen, Southern Colorado Services & Recycling, Waste Management Curbside Inc., Waste Management of Colorado and Gallegos Sanitation Inc. Only

Table 1: PaintCare haulers and distribution locations

Hauler	Latex paint	Oil-based paint
Clean Harbors	<ul style="list-style-type: none"> GreenSheen Paints - Englewood, CO Amazon Paint - Fridley, MN 	<ul style="list-style-type: none"> Clean Harbors - Kimball, NE Green America - Hannibal, MO Cadence Environmental Energy - Chanute, KS
Veolia	GDP International - Nashville, IL	Rineco Chemical Industries - Haskell, AR
GreenSheen	Utilized its facility for paint recycling - Englewood, CO	Does not accept oil-based paint
Southern Colorado Services & Recycling	Utilized its facility for paint recycling - Pueblo, CO	Does not accept oil-based paint
Waste Management Curbside	Deco Products - Denver, CO	Rineco Chemical Industries - Haskell, AR
Waste Management of Colorado	Hauled unsuitable paint from Larimer and Boulder County to Conservation Services, Inc - Bennett, CO	Does not accept oil-based paint
Gallegos Sanitation Inc	Hauled unsuitable paint from Weld County to Conservation Services, Inc - Commerce City, CO	Does not accept oil-based paint



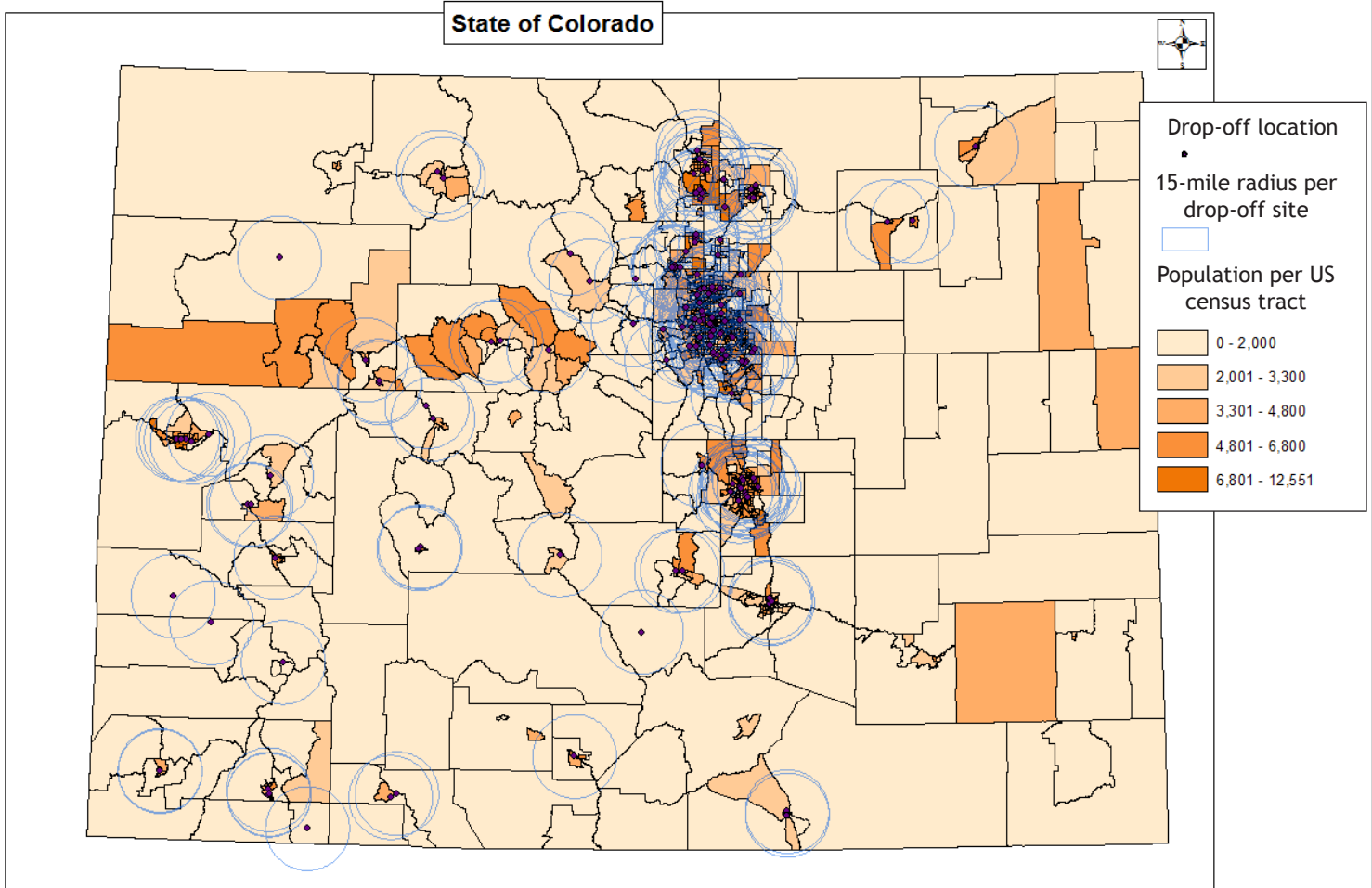


Figure 3: Population per US census tract, drop-off sites and 15 mile buffer zones

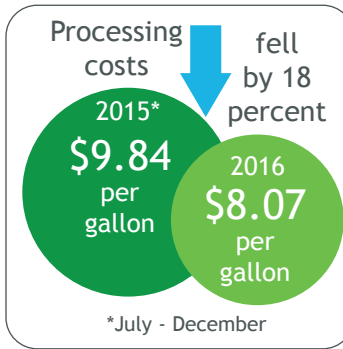
three of these haulers (Clean Harbors, Veolia and Waste Management Curbside) are registered hazardous material haulers and can haul oil-based paint. Table 1 lists the various haulers and their distribution locations.

Processing

End-of-life management options for latex paint are governed by the condition in which the paint is received. Latex paint in good condition was managed in accordance with the waste management hierarchy. Figure 1 (page 1) displays end-of-life management options in order of the hierarchy, starting with the most preferred method and ending with the least preferred option.

End-of-life management options for oil-based paint are less diverse and include (in order of preference) reuse, energy recovery and incineration. Reuse programs for oil-based paint are the same as for latex. Programs screen for containers that are at least 50 percent full, in good condition, and sell or give them away to the local community. Oil-based paint that could not be reused was collected by Veolia and Clean Harbors and transported to Rineco, Cadence and Green America. At these facilities, oil-based paint was

used as waste-derived fuel for cement kilns. Oil-based paints that could not be reused or recovered for energy were sent for incineration.



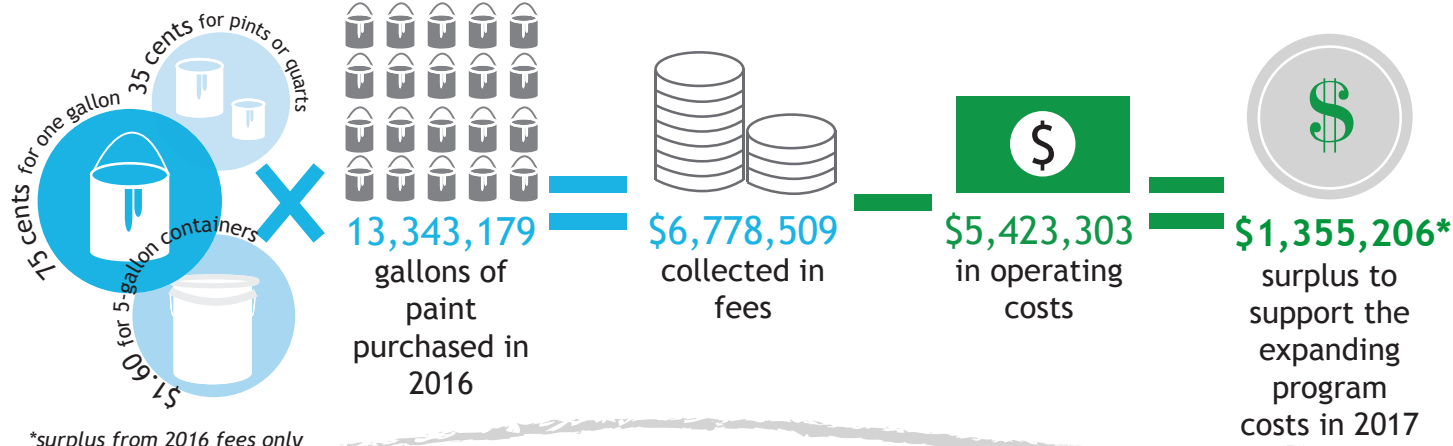
PAINT SALES AND COLLECTION VOLUME

An estimated 13,343,179 gallons of paint were sold in Colorado in 2016. PaintCare processed 672,029 gallons of paint in 2016. Of those processed gallons, 75 percent (505,154 gallons) was latex paint and the other 25 percent (166,875 gallons) was oil-based paint. PaintCare reported a 5 percent recovery rate for 2016. This is 1.6 percent higher than the rate reported for the first six months of the program. The recovery rate was calculated

by dividing gallons of paint processed by total gallons of paint sold in the same time period. PaintCare also estimates that 236 tons of metal and plastic paint containers were recycled in 2016 through the program.

Haulers and processors reported the amount of paint they collected either by volume or by weight. PaintCare reports paint collection by volume, so a conversion factor of 10 pounds per gallon was used to show volume when entities reported gross pounds of paint.





INDEPENDENT AUDIT AND FINANCIAL SUMMARY

In accordance with the act (25-17-405(3)(VII)), PaintCare is required to submit an annual audit with its report.

PaintCare used Rogers & Company PLLC, an independent CPA firm, to conduct the audit in accordance with commonly used auditing standards. In Rogers & Company's opinion, PaintCare has fairly presented, in all material respects, the financial position, changes in its net assets and cash flows as of Dec. 31, 2016.

According to PaintCare, paint processing costs are the largest budget item, followed by paint transportation. The program activities are listed in Table 2 from the most expensive to the least expensive activity. Each year, surplus funds are placed in reserves for future use. This reserve allows PaintCare to continue operations during times of either higher than expected paint collection or lower than expected paint sales. 2016 ended with a surplus of \$2,114,696 (includes surplus funds accumulated from 2015), resulting in reserves at 39 percent of operating costs. PaintCare will use surplus funds to expand outreach, increase rural collection events and establish more permanent drop-off locations.

OUTREACH

PaintCare is required to provide outreach to Colorado residents regarding the program and collection sites. Numerous media channels were used to meet this goal and to connect residents with the online drop-off site locator tool on PaintCare's website (www.paintcare.org). PaintCare provided press releases to local newspapers throughout the year and distributed 19,259 brochures, mini cards and fact sheets to paint drop-off locations. Of those, 13,515 were part of a statewide mailing in December to retailers. Red Plum, a mail circular of advertisements and coupons, featured PaintCare ads across the state. In rural areas where Red Plum is not available, newspaper ads were used instead. PaintCare also ran ads in Welcome Home Magazine, targeting new home buyers who may have

leftover paint. Colorado Public Radio, other radio stations and numerous cable channels ran PaintCare ads. PaintCare also produced online banner and radio ads and offered educational videos on its website. PaintCare conducted additional advertising targeting realtors, crafted storage tips and provided signage to drop-off sites. The company also conducted two surveys on paint disposal, polling the general population and paint contractors. These surveys will be completed annually to provide data on program participation and track understanding over time. Marketing materials and documents used in 2016 can be found on PaintCare's website, specifically in the 2016 annual report. Many are available in both English and Spanish.

COMMENTS AND RECOMMENDATIONS FOR 2017

Overall, PaintCare's operations adhere to the statutory requirements and approved program plan. Because this program is still in its infancy, participation is expected to increase. The division will continue to ensure surplus funds are appropriately used and requirements of the statute are followed. In their annual report, PaintCare indicated that Veolia is shipping collected latex paint to GDB International (Nashville, IL) for recycling. Using GDB as a paint recycler was not included in the approved program plan, although using GDB does follow the waste management hierarchy. A local paint recycler, GreenSheen, has the capacity to accept and process latex paint in Denver and was identified in the approved program plan. Using existing paint recyclers located in Colorado is more environmentally sound than transporting paint out of state for recycling; therefore the division will ensure PaintCare uses local paint recyclers as detailed in the approved program plan. In addition, by law PaintCare must put forth efforts to reduce the generation of postconsumer paint. While one commercial was aired regarding buying the correct amount of paint, the division feels more should be done and will continue to work with PaintCare to promote this requirement. As previously discussed, not all geographic collection criteria are being fulfilled. The division will work with PaintCare in 2017 to ensure adherence to requirements for urbanized areas and underserved populations.

Table 2: PaintCare expenses by activity

Program activity	2016 expenses (USD \$)
Paint processing	2,849,217
Paint transportation	666,803
Communications	644,074
Collection supplies and support	498,368
Allocation of corporate activity	351,687
Personnel, professional and other fees	173,154
State administrative fees	120,000

Materials Management Unit Leader:
David Snapp

Environmental Protection Specialist:
Emily Wilson

Communications Specialist:
Kelly MacGregor