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## Status of the Colorado Paint Stewardship Program

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## Executive Summary

PaintCare continued to increase participation and expand collection infrastructure in 2017. At the end of 2017, more than 94 percent of Coloradans lived within a 15 mile radius of a permanent drop-off site, exceeding the requirement of 90 percent. PaintCare hosted 22 summer collection events throughout rural Colorado, expanding paint collection for areas of the state previously underserved.

PaintCare also expanded their large volume pick-up service, increasing participation by 35 percent. Previously, individuals or businesses needed 300 gallons of paint or more to schedule a one-time paint pick-up, free of charge. In 2017, PaintCare lowered the required amount for a large volume pick-up to 200 gallons.

Paint collection continued to increase with PaintCare processing 52,000 gallons more than in 2016. Over 1.6 million gallons of paint have been processed since the program was launched in July of 2015.

## Background

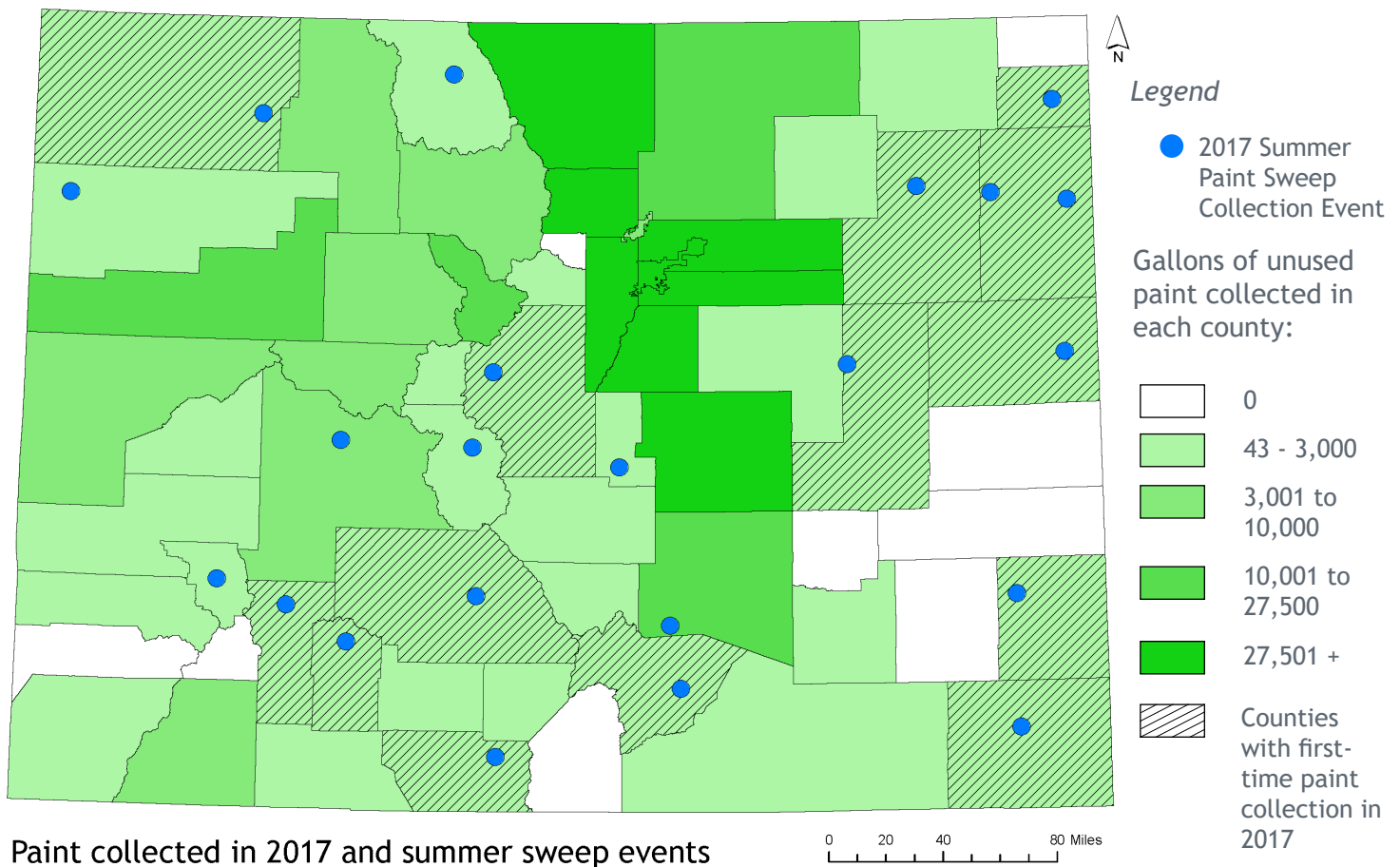
On July 1, 2015, the Colorado Paint Stewardship Program began managing leftover paint in Colorado as required by the Architectural Paint Stewardship Act. The act allowed for the creation of a stewardship organization to manage end-of-life options for paint. PaintCare, a non-profit organization, was the only entity to submit a proposed program plan detailing paint collection and management. While the law allows multiple organizations to operate, PaintCare is currently the only stewardship program authorized to collect paint in Colorado. 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. The act required PaintCare to establish sites for consumers to drop off unused paint and to manage the collected materials in accordance with the disposal hierarchy (Figure 3). This program increases consumer opportunities to properly manage leftover paint, keeps harmful chemicals in paint out of the environment 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. While not required to submit data on cost savings, six of the 10 participating HHW facilities reported estimated savings of over \$410,000 collectively in 2017 due to the PaintCare program. For facilities with relatively low operating budgets, these savings are quite significant.

The Colorado Department of Public Health and Environment (CDPHE) 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.).

## 2017 Highlights:

- PaintCare processed 724,047 gallons of unused paint in 2017.
- Roughly 13.9 million gallons of paint were sold in 2017, yielding \$6.9 million in fee revenue.
- Program expenses totaled \$5.5 million. In total, PaintCare has accumulated a surplus of \$3.8 million.
- The processing cost was \$7.48 per gallon, a \$0.59 decrease from the \$8.07 processing cost reported in 2016.
- PaintCare serviced 55 drop-off events, including 22 one-day events held throughout rural Colorado.
- There are 159 year-round, permanent drop-off locations throughout the state.
- 94.7 percent of Coloradans live within a 15 mile radius of a permanent drop-off location.

Figure 1



Paint collected in 2017 and summer sweep events

Figure 1 shows gallons of paint collected per county. Cross-hatched counties represent areas where paint was collected in 2017 but not in 2016, showing the impacts of the Summer Paint Sweep Collection events. In total, 14 counties went from no paint collected to some paint collected in 2017. The blue dots indicate 2017 summer events in rural areas of the state. Summer paint sweep events will continue in 2018.

## Responsibilities for the Colorado Paint Stewardship Program

### PaintCare – Operations

- Receives fees collected from paint sales.
- Manages paint collection and processing.
- Tracks volumes collected and processed
- Submits annual report to CDPHE.
- Organizes and hosts collection events.
- Manages paint from local collection events.
- Manages and acquires paint drop-off locations.
- Provides signage and materials for the public.
- Contracts with haulers and processors for paint collection and disposition.
- Proposes fee amount.
- Creates the program plan.

### CDPHE – Oversight

- Receives \$120,000 annually from PaintCare for oversight.
- Inspects retailers and drop-off locations for program compliance.
- Reviews annual report and financial audit for program compliance.
- Reports to legislature annually on program.
- Completes in-house GIS modeling to check geographic requirements.
- Addresses complaints from the public and participating facilities.
- Reviews financials and assists PaintCare with managing surplus funds.
- Approves the fee amount and program plan.

By the numbers:

## 2017 Paint Sales and Recovery

**13.9**  
million

Gallons of paint sold in Colorado in 2017

**724,047**  
gallons

Amount of used paint processed in 2017

**\$6,935,250**

Collected in fees



**\$5,419,240**

Total program costs



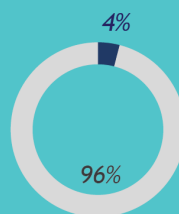
Processing costs  
**\$7.48 per gallon**



**171,225**

Gallons of oil-based paint processed

Oil-based paint end uses



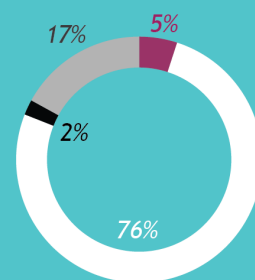
- Reused
- Fuel (often used to power cement kilns)



**552,822**

Gallons of latex paint processed

Latex paint end uses



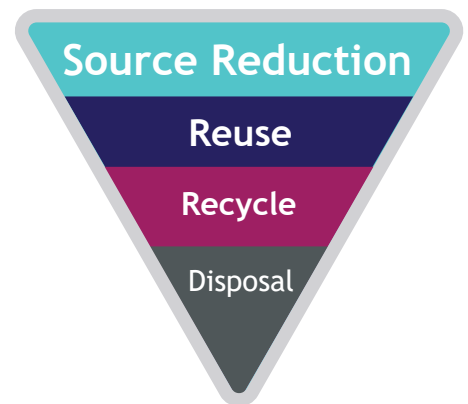
- Recycled-content paint
- Reused
- Landfill Alternate Daily Cover
- Landfill

Figure 2

Coloradans purchased more than 13.9 million gallons of paint in 2017. Paint sales generated more than \$6.9 million in fees, which covered the \$5,419,240 in operational costs for the year. Based on the fees collected and program costs, PaintCare averaged \$7.48 per gallon in processing costs.

Of the 13.9 million gallons of new paint sold, 724,047 gallons of unused paint were processed in 2017. Of the gallons processed, 171,225 gallons were unused oil-based paints and the remaining 552,822 gallons were unused latex paints. Of the unused oil-based paints collected, most was used as fuel in industrial machinery. Of the unused latex paints, most was rebled and sold as recycled-content paint.

Figure 3



The disposal hierarchy establishes source reduction as the most preferred paint management option, followed by reuse and recycling. Disposal is the least preferred option.

### Paint Recovery Reporting

PaintCare receives information on total gallons sold through paint manufacturers. Gallons collected and processed are reported to PaintCare by the hauling companies and paint end-users. Based on this information, PaintCare reports paint recovery as the percent of gallons processed over gallons sold, which is an important

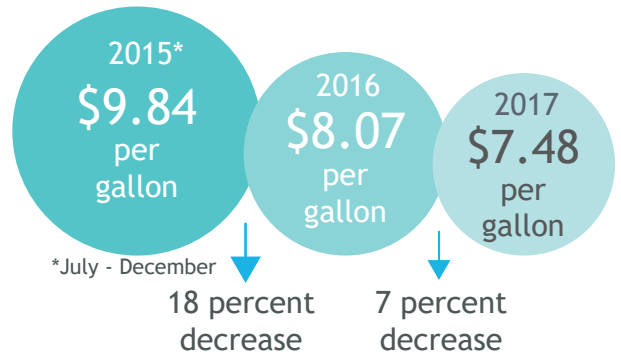
metric to track. A recovery rate of 5.2 percent might seem low, however most paint sold is used. It is difficult to quantify how much paint sold in one year is unused. Therefore most paint collected through the program is likely older and was not purchased within the last year; the recovery rate will never be extremely high.

### Processing costs

In the first six months of the program, PaintCare’s cost to process paint averaged \$9.84 per gallon. In 2016, the processing cost fell to \$8.07 per gallon. In 2017, processing costs were reduced an additional 7 percent, ending at \$7.48 per gallon.

Each year since 2015, processing costs have decreased due to infrastructure and transportation route improvements. In the near-future we expect this trend to continue. However, processing and transportation costs are highly dependent on market conditions.

Figure 4

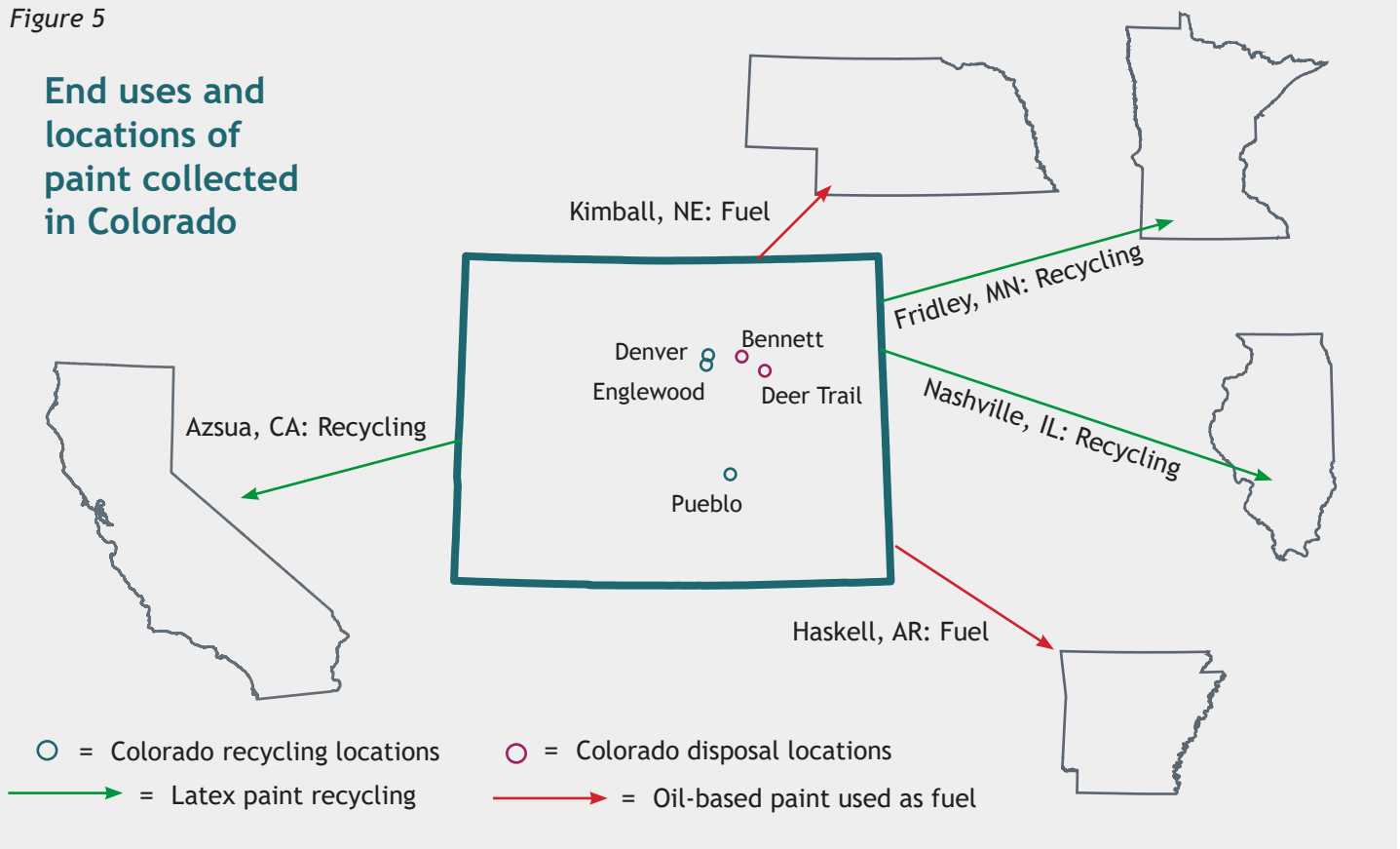


### Paint Disposition

Professional waste haulers visit each paint drop-off location and pick up the paint for processing. Clean Harbors and Veolia are the two largest hauling companies for the PaintCare program. Both Clean Harbors and Veolia send most unused latex paint to GreenSheen, a local paint recycler in Englewood. Two other paint recycling companies, Old Western Paint (Denver) and Southern Colorado Services and Recycling (Pueblo), also process latex paint. Most unused oil-based paints are reused in industrial machinery as a fuel source. Most latex paints stay in-state for end-use while most oil-based paints are sent out of state for final end-use (Figure 5).

Figure 5

### End uses and locations of paint collected in Colorado



## How Colorado Compares:

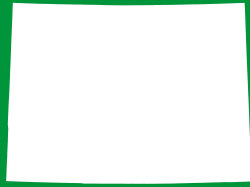


Figure 6

Colorado

California

Connecticut

D.C.

Gallons sold:	13,877,576	69,244,571	5,907,044	1,000,000
Processed:	724,047	3,464,149	322,568	35,415
Reserve funds:	\$3,824,865	\$43,762,360	\$3,073,687	\$727,266

## 2017



Maine

Minnesota

Oregon

Rhode Island

Vermont

Gallons sold:	2,217,161	9,203,140	not available	1,513,273	995,193
Processed:	109,267	1,010,140	810,745	75,853	96,109
Reserve funds:	\$16,284	<b>-\$1,561,043</b>	<b>-\$708,934</b>	\$556,236	<b>-\$588,831</b>

Figure 6 provides data from the other PaintCare states and one territory. PaintCare currently has a negative fund balance in Minnesota, Oregon and Vermont. The state legislatures have raised the fee in Minnesota, Vermont and, most recently, Oregon.

### Financial audit, reserve policy and surplus funds

In accordance with the act (25-17-405(3)(VII)), PaintCare is required to submit an annual audit with the 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 December 31, 2017.

PaintCare has a reserve fund which can have a minimum of 16 percent and a maximum of 75 percent of annual expenses. Each year, surplus funds are placed in reserves. This reserve allows PaintCare to continue operations during times of either higher than expected paint collection or lower than expected paint sales. PaintCare ended 2017 with a surplus of \$3,824,865, 71 percent of annual operating costs.

We are monitoring the fee and surplus closely. Paint collection programs mature in about five years, as seen in other PaintCare states, and the Colorado program is less than three years old. PaintCare is still establishing drop-off sites and transportation routes, which increases their operating costs. With Colorado's population growth, paint collection will increase and additional drop-off sites will be needed to ensure PaintCare meets geographic density requirements. Because of this, at present, we feel it is too early to decide if the fee should be lowered. However, the state has requested PaintCare complete an in-depth analysis of the fee structure, their current expenditures, planned expenditures, planned program growth, and fund balance projections by Nov. 1, 2018 to provide an evaluation of the current fee levels.

### Outreach, advertising and geographic requirements

PaintCare targets outreach to retailers, painting contractors, municipal agencies and the general public through direct contact and newspapers, television, billboards, radio, fulfillment, digital and social media

marketing. Examples of outreach materials can be found at [www.paintcare.org](http://www.paintcare.org). Additionally, PaintCare has created a fact sheet for painting contractors that is available in 12 different languages. The department recently created an informational video that explains the collection and recycling process. This video can be found on the CDPHE paint recycling page ([www.colorado.gov/cdphe/paint-stewardship-recycling](http://www.colorado.gov/cdphe/paint-stewardship-recycling)), along with a paint calculator to help users estimate how much paint is needed for a given room.

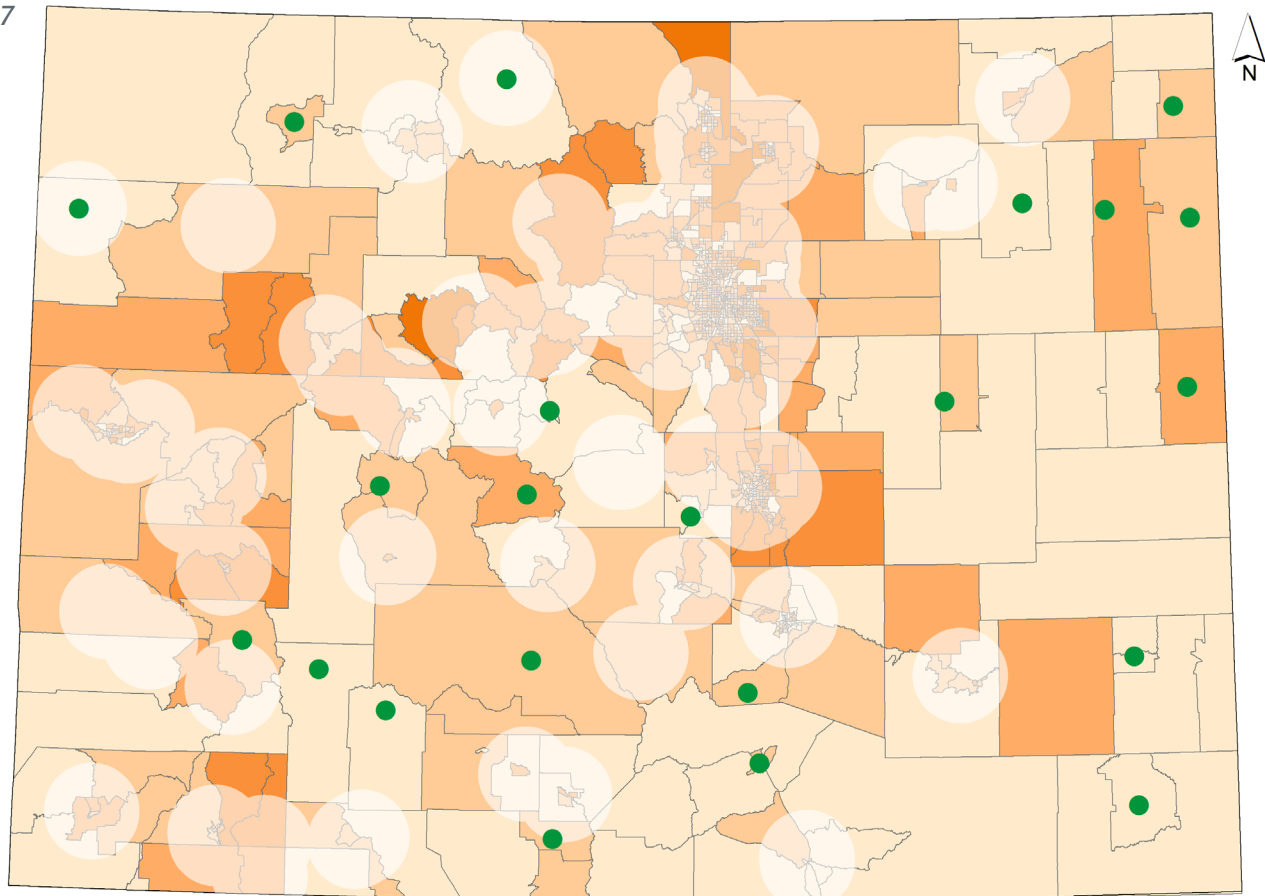
To ensure adequate collection coverage, the act requires that: (1) at least 90 percent of Colorado residents live within a 15-mile radius of a drop-off site, (2) an additional permanent drop-off site must be provided for every 30,000 residents of an urbanized area, and (3) annual collection events must be held in areas where residents do not have a permanent collection site within a 15-mile radius of their homes. PaintCare is currently satisfying the first and third requirements and is close to satisfying the second.

### Action Steps for 2018

This past legislative session, a bill was introduced seeking to repeal the PaintCare program. This bill was not passed but the senate hearing brought to light the important concerns that prompted legislation. The division will continue to ensure PaintCare is operating according to their approved program plan and appropriately managing surplus funds. Priorities for the program in 2018 include:

- Holding a three year check-in meeting on Aug. 3, 2018, with all stakeholders involved in creating the Colorado Architectural Paint Stewardship Act.
- Increasing paint collection in rural Colorado.
- Funding a two year review of the program, examining July 2015 through December 2017.
- Continuing to establish permanent drop-off locations, especially in heavily urbanized areas like Denver and Colorado Springs.

Figure 7



**Population per Census Tract, summer sweep events and area served by drop-off locations**

0 15 30 60 Miles

Figure 7 shows Colorado population from 2010 by U.S. Census tract. The shaded region shows the populace that lives within 15 miles of a permanent PaintCare drop-off location. The dots show where PaintCare hosted their 2017 summer sweep events. This map details what area the current drop-off infrastructure covers, where events have been held and can also help guide planning for future drop-off events or where additional locations are needed.



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**Statute:**  
Senate Bill 14-029, 25-17-401 C.R.S.

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