



COLORADO
Department of Public
Health & Environment



Status of the Colorado Paint Stewardship Program

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Executive Summary

Paint collection continued to increase with PaintCare processing over 74,000 gallons more unused paint in 2019 than 2018. Over 2.9 million gallons of paint have been processed since the program began in July of 2015. During 2019, PaintCare continued to increase gallons of processed paint while decreasing the total processing cost per gallon. At the end of the reporting period, over 95 percent of Coloradans lived within 15 miles of a permanent drop-off site, exceeding the program requirement of 90 percent. During 2019, PaintCare hosted 17 summer collection events throughout rural Colorado satisfying the underserved population’s geographic requirement. PaintCare still needs additional drop-off sites in Denver-Aurora and Colorado Springs to satisfy the density geographic requirement. PaintCare also continued to increase participation in the large volume pick-up service and collected large volumes of paint from 129 entities. Businesses, painting contractors and other organizations with 200 gallons of paint or more can use this pick-up service free of charge.

Program overview

On July 1, 2015, the Colorado Paint Stewardship Program began managing unwanted paint in Colorado (as required by the Architectural Paint Stewardship Act or the 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. (Figure A, Fees on new paint sales)

PaintCare must establish convenient sites for consumers to drop-off unused latex and oil-based paint according to three different geographic requirements (further explained in the ‘Outreach and geographic requirements’ section below). Once paint is collected, it must be managed in accordance with the disposal hierarchy. (Figure B, Disposal hierarchy) The disposal hierarchy establishes source reduction as the most preferred paint management option followed by reuse and recycling, with disposal being the least preferred option. 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.



Figure A

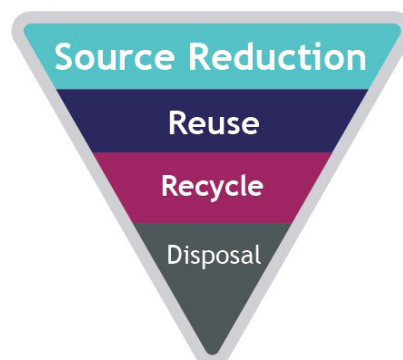


Figure B

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.).

Coloradans purchased over 13 million gallons of paint in 2019. These paint sales generated over \$6.6 million in fees which covered the over \$6.2 million in annual expenses. Based on the fees collected and program costs, PaintCare averaged \$8.59 per gallon in processing costs.

Of the over 13 million gallons of new paint sold, 729,010 gallons of unused paint were processed in 2019. Of the gallons processed, 22 percent or 162,682 gallons were unused oil-based paints and the remaining 78 percent or 566,328 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 by a local, Colorado company.

PaintCare-Operations

- Receives fees collected from paint sales
- Arranges 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
- Completed 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 fee amount
- Approves the program plan
- Presents on the program at local conferences

2019 Highlights

- PaintCare processed 729,010 gallons of unused paint in 2019.
- The program has processed over 2.9 million gallons of unused paint since collection started in July of 2015.
- Roughly 13.4 million gallons of paint were sold in 2019, yielding over \$6.6 million in fee revenue.
- Program expenses totaled \$6.3 million. The change in assets for the year was just under one million dollars. In total, PaintCare has accumulated a surplus of over \$5.8 million which equates to a 94% reserve balance.
- While the program continues to collect and process more paint, the processing cost per gallon decreased from \$8.86 in 2018 to \$8.59 in 2019.
- In addition to processing paint collected at permanent drop-off locations, PaintCare serviced over 70 various types of paint collection events and provided 129 direct large volume pickups from businesses.
- There are 177 year-round, permanent drop-off locations throughout Colorado in 40 counties. Supplemental collection sites and collection events are hosted throughout the other 24 counties on a rotating basis.
- 95.2% of Coloradans live within a 15 mile radius of a permanent drop-off location. PaintCare is close to satisfying the other two geographic program requirements.



Reporting and program data

Obtaining valuable metrics on program success can be difficult due to the lack of reporting variables. PaintCare receives information on total gallons sold through the manufacturers. Then 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. In 2019, the recovery rate was 5.3 percent which 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.

Now that the program has been collecting paint for over 5 years, we begin to see trends in the number of gallons processed, the recovery rate (amount of paint sold compared to the amount processed), and the cost per gallon to process paint. Both the number of gallons processed and the recovery rate (Figures C and D, below) increased from 2018 to 2019 but are overall fairly consistent. The cost per gallon to process paint decreased from 2018 to 2019 but again is fairly consistent over time (Figure E, below). All three variables mentioned are highly dependent on the economy, program participation, and current markets.

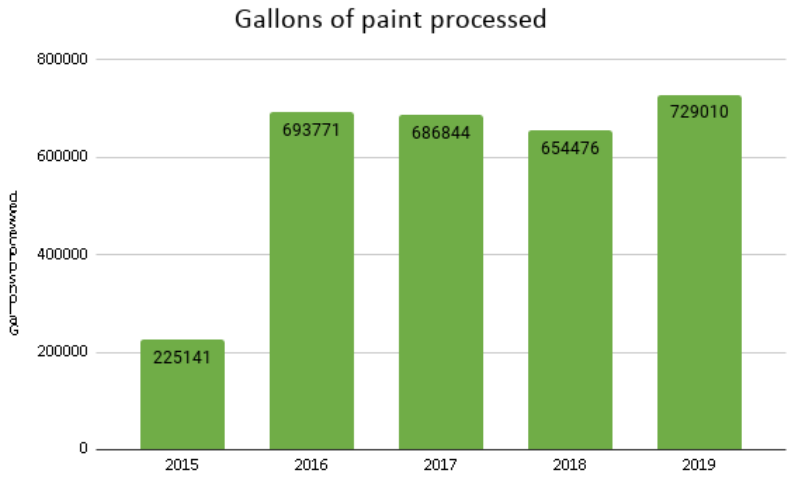


Figure C

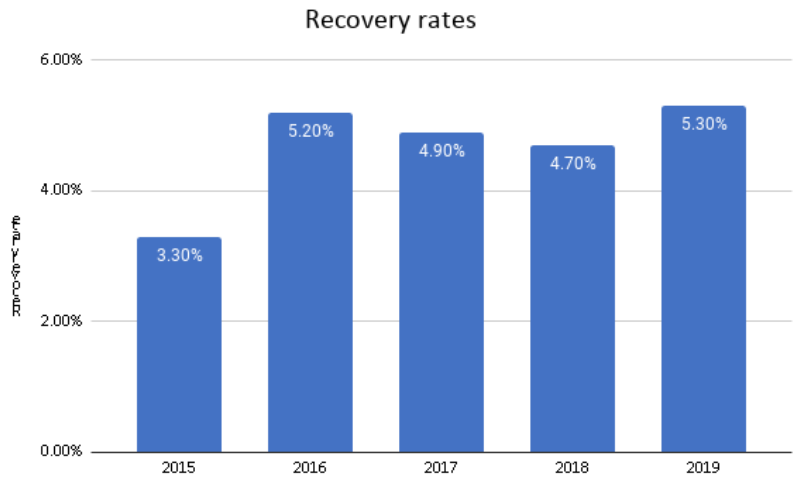


Figure D

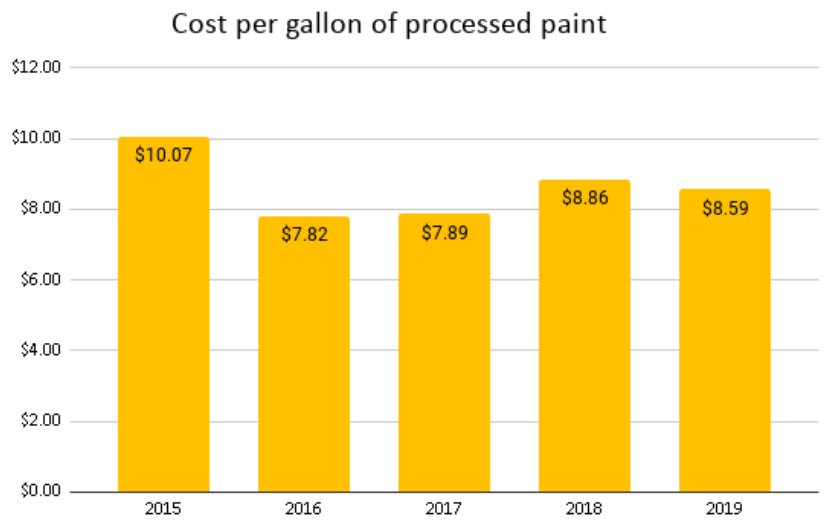


Figure E

At the end of 2019, PaintCare had an accumulated surplus of \$5,857,694 after receiving \$6,691,728 in fee revenue and spending \$6,259,266 on program expenses (Figure F, below). The PaintCare surplus amount has grown by roughly one million dollars annually since 2016. While this growth is within the reserve policy set by PaintCare (explained further in the 'Financial audit, reserve policy and surplus funds' section below), the division is closely monitoring this balance and will continue to work with PaintCare to ensure program fees align with program costs.

PaintCare's revenue, expenses and accumulated surplus

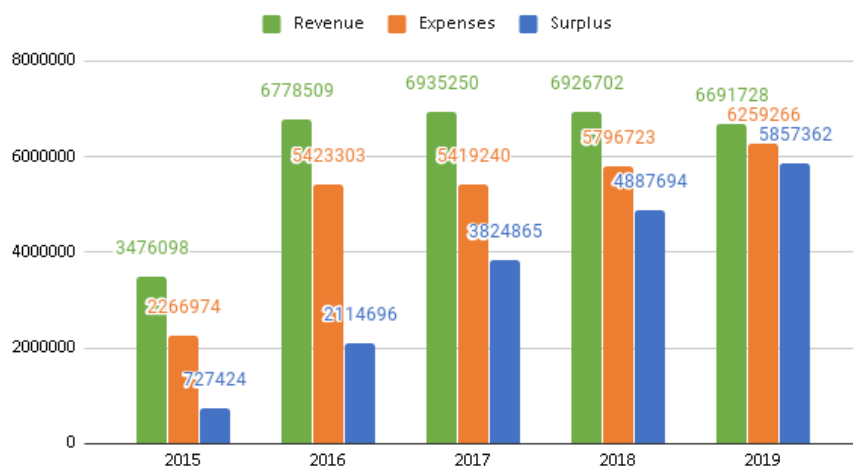


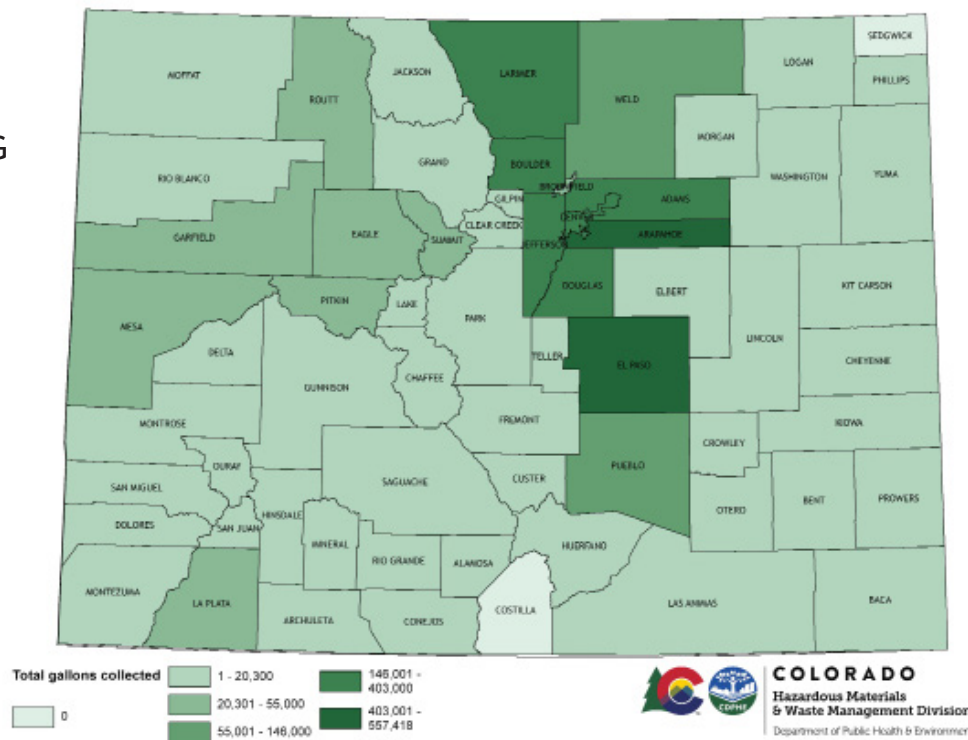
Figure F

Since July of 2015 when the program began, PaintCare has collected almost 3 million gallons of paint throughout Colorado. Figure G below shows how many gallons of paint have been collected in each county since the program began. Specifically, this map shows the total gallons of paint collected from all permanent drop-off sites, supplemental sites, events, large volume pickups, and door-to-door programs. Costilla and Sedgwick are the only counties where no paint has been collected however collection events are planned for these

areas this summer. However, due to the COVID-19 pandemic and physical distancing, as of March 2020 all summer collection events are subject to change.

Total gallons of paint collected per county, July 2015 to December 2019

Figure G



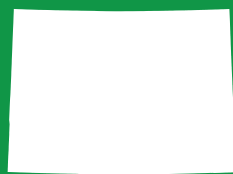
Final paint disposition

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 Denver. Other sites that process latex paint in Colorado include, Old Western Paint in Denver, Southern Colorado Services and Recycling in Pueblo, some landfills and household hazardous waste facilities. Most unused oil-based paints are sent to various facilities out of state where paint is then used in industrial machinery as fuel. Most latex paint is processed in state while most oil-based paints are sent out of state for final processing.

How Colorado compares to other states

PaintCare currently operates in nine states, including Colorado. Legislation was recently passed in New York and Washington and collection in those states will likely begin in 2021. PaintCare programs vary state to state which makes comparison hard due to geographic variability. The table below provides data from other PaintCare states and Washington DC showing just how variable programs can be. PaintCare has a negative fund balance in Vermont and recently got out of a deficit in Oregon and Minnesota. PaintCare has had to raise the fee in Minnesota, Vermont and most recently Oregon due to these deficits. The average per capita processing rate among participating states is 0.12 gallons processed per person. Colorado's per capita processing rate is just above the average at 0.13 gallons processed per person. Please note, as collection has not begun in New York and Washington, those states were not included in the table.

How Colorado Compares:



Colorado



California



Connecticut



D.C.

Gallons Sold	13,363,043	70,038,896	5,660,888	1,088,536
Processed	729,010	3,888,244	391,110	43,300
Reserve Funds	\$5,857,362	\$49,412,286	\$3,386,666	\$599,457



Maine



Minnesota



Oregon



Rhode Island



Vermont

Gallons Sold	1,941,253	8,344,566	Not reported	1,520,509	990,090
Processed	134,906	1,006,709	767,088	80,950	115,142
Reserve Funds	\$161,368	\$218,961	\$205,621	\$823,729	\$523,581

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 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, 2019.

Each year, surplus funds are placed in reserves for future use. The Board of Directors for PaintCare sets their own reserve policy which establishes a range with minimum and maximum thresholds for the accumulated surplus amount. PaintCare currently has a target reserve of 100 percent of annual expenses, with a minimum threshold of 75 percent and a maximum of 125 percent. This target reserve and range have both increased since 2015 when PaintCare originally had a target reserve of 50 percent with a minimum of 16 percent and a maximum of 75 percent. As previously mentioned, PaintCare ended 2019 with a 94 percent reserve balance. This reserve allows PaintCare to continue operations during times of either higher than expected paint collection or lower than expected paint sales.

PaintCare will use surplus funds to continue operations, host events, hire another program assistant for the state, and establish more permanent drop-off locations. In the recommendations provided below, the division is requesting that PaintCare develop a plan to bring down the reserve balance as the act and the approved program plan both specifically state that the fee should not exceed the amount necessary to recover program costs.

Outreach and geographic requirements

PaintCare targets outreach to retailers, painting contractors, municipal agencies, and the general public through direct contact and advertising. Examples of outreach material can be found on paintcare.org.

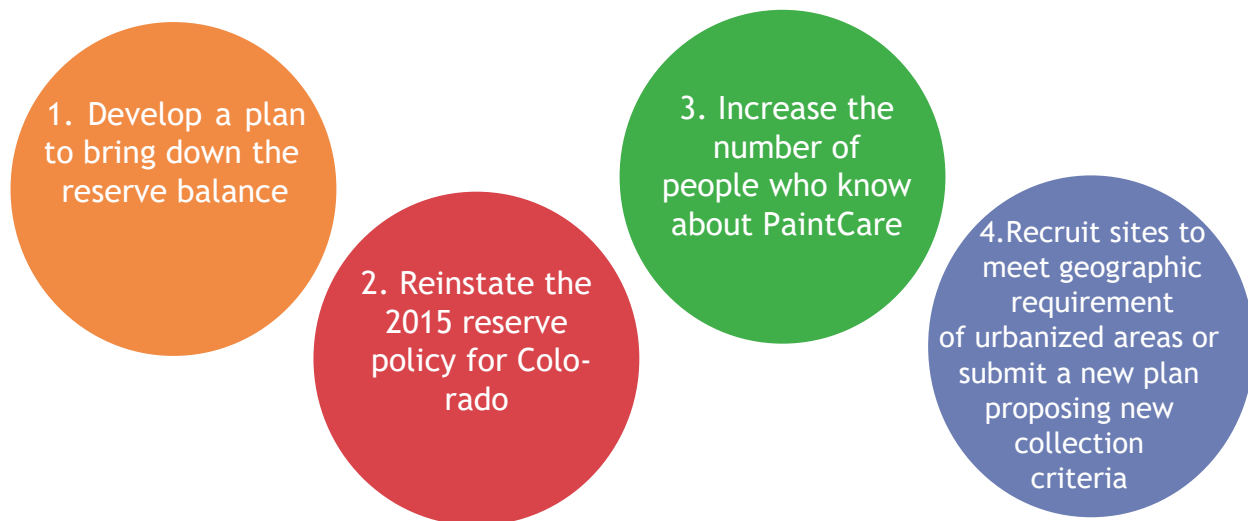
To ensure adequate collection opportunities, the act prescribes three geographic requirements PaintCare must adhere to. First, at least 90 percent of residents must live within a 15-mile radius of a drop-off site. Second, an additional drop-off site must be provided for every 30,000 residents of an urbanized area. Third, for the portion of residents that don't live within a 15-mile radius of a drop-off site, PaintCare must provide a paint collection event in those areas at least once a year.

Currently, 95.2 percent of Colorado residents live within 15-miles of a drop-off site exceeding the requirement. However, a total of 26 sites are needed throughout the Denver-Aurora and Colorado Springs areas to satisfy the second requirement above. PaintCare hosted 15 paint sweep events in rural parts of the state and recruited permanent drop-off sites in certain underserved areas. Additionally, PaintCare hosted two large collection events in urban areas to satisfy the third requirement above.

CDPHE recommendations for 2020

PaintCare is generally operating in accordance with the program plan and the act.

Based on review of PaintCare's 2019 Annual Report, the division has the following recommendations for the program:





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Statute:

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

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