



COLORADO

**Hazardous Materials
& Waste Management Division**

Department of Public Health & Environment

2020



Status of the Colorado Paint Stewardship Program

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Executive summary

As with many state programs, the COVID-19 pandemic impacted the Colorado Paint Stewardship operations in calendar year 2020. As a result of the pandemic, many permanent collection sites were not accepting paint drop-offs. The number of active collection sites declined, resulting in a decrease of 84,000 gallons of paint from collection quantities in 2019. Additionally, a series of regularly scheduled paint collection events were cancelled due to logistical challenges from COVID-19.

At the same time, paint sales increased in 2020 by over 1.5 million gallons compared to 2019; likely from residents working on home projects while home more due to the pandemic. Because paint collection decreased while paint sales rapidly increased, the Colorado PaintCare program now has a reserve balance of over 8 million dollars, which is up from roughly 5.9 million dollars in 2019. The PaintCare reserve policy sets a target reserve level as a percentage of annual expenses. The reserve policy target is 100% of annual expenses with a minimum threshold of 75% and maximum annual reserve balance of 125%. After 2020, PaintCare now has a reserve level of 141% exceeding the maximum set by the PaintCare Board of Directors. A visual representation of program metrics is available at: <https://cdphe.colorado.gov/paintcare-data-stats>

2020 highlights

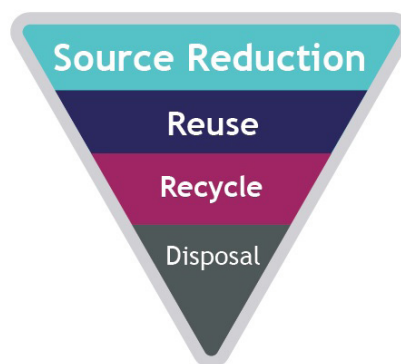
- PaintCare collected 658,356 gallons of unused paint in 2020.
- The program has collected over 3.7 million gallons of unused paint since it began in July of 2015.
- Roughly 14.9 million gallons of paint were sold in 2020, yielding just under \$7.6 million in fee revenue.
- Program expenses were just under \$5.8 million. In total, PaintCare has accumulated a surplus of over \$8.1 million which equates to a 141% reserve balance.
- The processing cost per gallon increased from \$8.59 in 2019 to \$8.80 in 2020.
- Even with the global pandemic, PaintCare serviced over 48 types of paint collection events and provided 100 direct large volume pick-ups from businesses in 2020.
- There are 180 year-round, permanent drop-off locations throughout Colorado.
- 95.5% 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.



Figure 1



Figure 2



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 1, 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 (for more information on the geographic requirements or background on the program, please see the PaintCare 2020 Annual Report found on paintcare.org). Once paint is collected, it must be managed in accordance with the disposal hierarchy. [Figure 2, 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. The PaintCare program increases consumer opportunities to properly manage leftover paint and provides cost savings to household hazardous waste (HHW) programs. Before the implementation of PaintCare in 2015, 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) within the Colorado Department of Public Health & Environment (CDPHE, the department) oversees PaintCare to ensure all aspects of the act and approved program plan are followed. The division also develops this report annually for 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.).

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 signs and materials for the public
- Contracts with haulers and processors for paint collection and disposal
- 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

Of the almost 15 million gallons of new paint sold in 2020, 658,356 gallons of unused paint were collected in the same time period. Of the gallons collected, 19 percent was unused oil-based paints and the remaining 81 percent was 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 reblended and sold as recycled-content paint by a local, Colorado company.



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 manufacturers, then gallons collected 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. In 2020, the recovery rate was 4.4 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. Most paint collected through the program is likely older and was not purchased within the last year.

Now that the program has collected paint for over 6 years, we can see trends in the reported metrics. To display the data in an easy way, division staff created a Tableau dashboard so stakeholders can visualize program performance through various graphs. That Tableau dashboard is available at: <https://cdphe.colorado.gov/paintcare-data-stats>

The Tableau visualizations show that program performance has been relatively stable with slight advances year-to-year. Due to the global pandemic, 2020 was an anomalous year with lower than average paint collection because most drop-off sites were not accepting paint. Paint sales were also higher than average in 2020 because people were completing more at-home paint projects. Since the program began, the greatest amount of paint collected was in 2019 and the program achieved the highest recovery rate of 5.3% in the same year.

At the end of 2020, PaintCare had an accumulated surplus of \$8,155,791 after receiving \$7,581,223 in fee revenue and spending \$5,791,797 on program expenses. The PaintCare surplus amount has grown by roughly one million dollars annually since 2016, with 2020 being an exception as the surplus increased by almost \$2.3 million in one year. The division is closely monitoring this balance and will continue to work with PaintCare to ensure program fees align with program costs. We also understand 2020 was an abnormal year and thus will give PaintCare another year to bring down this reserve balance.





Final paint disposal


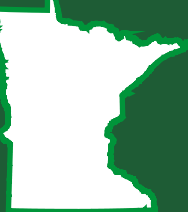



Professional waste haulers visit each paint drop-off location and pick up the paint for processing. Most latex paint is processed in state while most oil-based paints are sent out of state for final processing. Clean Harbors and Veolia are the two largest hauling companies for the PaintCare program. Both Clean Harbors and Veolia send most unused latex paint to GreenSheen, a paint recycler in Denver. There are two other paint recycling companies, Old Western Paint (Denver) and Southern Colorado Services and Recycling (Pueblo) located in Colorado. Some landfills and household hazardous waste facilities also process latex paint. Most unused oil-based paints are sent to various facilities out of state where paint is then used in industrial machinery as fuel.



How Colorado compares to other states

PaintCare currently operates in ten states, including Colorado. New York and Washington recently passed legislation, and collection just began in Washington. PaintCare programs vary state to state, and it is difficult to compare 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 previously got out of a deficit in Oregon and Minnesota. PaintCare has had to raise the fee in Minnesota, Vermont, and Oregon due to these deficits. The average per capita processing rate among participating states is 0.09 gallons processed per person. Colorado's per capita processing rate is just above the average at 0.11 gallons processed per person. Please note, as data is not yet available for New York and Washington, those states were not included in the table.

How Colorado Compares:					
		Colorado	California	Connecticut	D.C.
Gallons sold	14,925,829	71,933,636	5,932,480	1,027,968	
Gallons collected	658,256	3,565,881	350,184	36,456	
Gallons processed*	0.11	0.09	0.1	0.05	
Total surplus	\$8,155,791	\$56,855,233	\$3,953,191	\$782,510	
Recovery rate	4.4%	5.0%	5.9%	3.5%	
Started collection	2015	2012	2013	2016	

How Colorado Compares:						
		Maine	Minnesota	Oregon	Rhode Island	Vermont
Gallons sold	1,941,253	9,336,517	Not reported	1,647,002	1,107,685	
Gallons collected	121,902	966,594	706,270	82,431	97,663	
Gallons processed*	0.09	0.17	0.17	0.08	0.16	
Total surplus	\$473,910	\$2,506,260	\$1,798,093	\$1,102,296	\$331,206	
Recovery rate	5.3%	10.4%	Not reported	5.0%	8.8%	
Started collection	2015	2014	2010	2014	2014	

* Per capita rates were calculated by taking the gallons collected divided by the state population. Rates are rounded to the nearest hundredth decimal place. Population is based on The US Census Bureau QuickFacts database.

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, 2020.

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 2020 with a 141 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. While 141 percent is higher than the maximum threshold set by PaintCare, 2020 was an abnormal year which significantly impacted the balance. We hope to see PaintCare back within its set range in 2021.

In the recommendations provided below, the division is requesting that PaintCare have frequent check-ins with division staff to review program operations and reserve balance.

Outreach and geographic requirements

PaintCare's outreach targets retailers, painting contractors, municipal agencies, and the general public through direct contact and advertising. Examples of outreach material are available at 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, 95.5 percent of Colorado residents live within 15-miles of a drop-off site, thus exceeding the requirement. However, a total of four sites are needed throughout the urbanized areas of Colorado Springs and 21 sites are needed in the Denver-Aurora area. To remedy this, PaintCare is now offering a door-to-door pick up program for residents that have 10 or more gallons of paint. Residents in these areas can contact PaintCare, schedule a pick-up, and a hauler will come directly to the home for paint collection at no cost. This program will help PaintCare come into compliance with the first geographic requirement. Given the global pandemic, PaintCare was not able to host as many events as usual but still managed to host or service 48 paint collection events.

CDPHE recommendations for 2021

PaintCare is generally operating in accordance with the program plan and act. Based on review of PaintCare's 2020 Annual Report, the division has the following recommendations:

1

Have frequent check-ins with division staff about the reserve balance and what PaintCare is doing to bring it back within the reserve policy range set by PaintCare.

2

Continue to increase the number of people who know about PaintCare and utilize paint drop-off services.

3

Recruit additional sites to meet the geographic requirement regarding urbanized areas or expand the door-to-door collection program.





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website: www.colorado.gov/cdphe/paint-stewardship-recycling

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