



# 2013

## Oregon Paint Stewardship Pilot Program Annual Report

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## EXECUTIVE SUMMARY

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Oregon passed legislation (Chapter 777 Oregon Laws 2009) which provided for the establishment of a statewide paint stewardship pilot program through a stewardship organization to:

- (1) Establish an environmentally sound and cost-effective architectural paint stewardship program;
- (2) Undertake responsibility for the development and implementation of strategies to reduce the generation of post-consumer architectural paint;
- (3) Promote the reuse of post-consumer architectural paint; and
- (4) Collect, transport and process post-consumer architectural paint for end-of-product-life management.

**PaintCare** Inc., a 501(3)(c) non-profit corporation, is the product stewardship organization established to implement the program on behalf of architectural paint manufacturers. In addition, PaintCare engaged Product Care Association to assist in the development and implementation of the Oregon pilot program given their success establishing similar programs throughout Canada.

Under Oregon's paint stewardship law, PaintCare must submit an annual report to the Oregon Department of Environmental Quality (DEQ) on September 1 of each year. For 2013, the annual report was submitted on Tuesday, September 3, because September 1-2 were non-business days (Labor Day weekend).

As prescribed in the 2009 Oregon paint stewardship law, the annual report must contain:

- (1) A description of the methods used to collect, transport, recycle and process post-consumer architectural paint in this state;
- (2) The volume and type of post-consumer architectural paint collected in all regions of this state;
- (3) The volume of post-consumer architectural paint collected in this state by method of disposition, including reuse, recycling, energy recovery and disposal;
- (4) An independent financial audit of the program;
- (5) A description of program costs;
- (6) An evaluation of the operation of the program's funding mechanism;
- (7) Samples of educational materials provided to consumers of architectural paint, an evaluation of the methods used to disseminate those materials and an assessment of the effectiveness of the education and outreach, including levels of waste prevention and reuse; and
- (8) An analysis of the environmental costs and benefits of collecting and recycling latex paint.

The PaintCare 2013 Annual Report addresses each of these areas. Highlights from Year 3 of the Oregon pilot include:

- 100 active drop-off sites, with the addition of sites in the City of Hermiston (in Umatilla County) and Washington County, both regions previously considered underserved. The addition of these sites provides access within 15 miles to a site for 97.3% of Oregon residents living within cities, towns and census designated places, and for 95.0% of all Oregon residents. Both metrics represent an increase from Year 2.
- Collection of 580,693 gallons of post-consumer paint, an increase from Year 2.
- Program cost per resident is \$0.99, a slight decrease from Year 2.
- Program cost per gallon collected is \$6.53, also a decrease from Year 2.

In July 2013, HB 2048 was signed into law. HB 2048 removes the HB 3037 (Chapter 777 Oregon Laws 2009) sunset date of June 30, 2014 of the pilot program, making the Oregon paint stewardship program permanent. HB 2048 also requires PaintCare to submit an updated Program Plan and changes the reporting period to a calendar year. As a result, PaintCare will submit a new Program Plan in January 2014, and a six month report for the period July-December 2013 on April 1, 2014. Following that report, annual reports will be for the period January-December, with the next report due April 1, 2015.

## SECTION I. Description of the Methods Used to Collect, Transport, Recycle and Process Post-Consumer Architectural Paint in the State

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### A. Collection

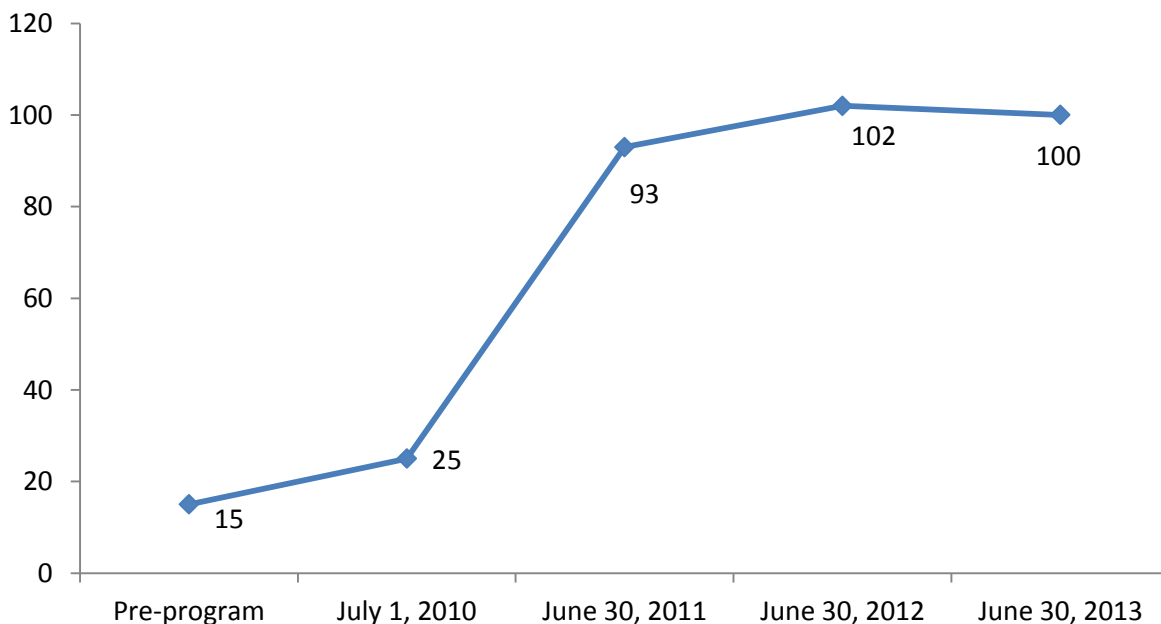
#### Collection Sites and Events

At the end of the Year 3 of the Oregon PaintCare Program (ending June 30, 2013), PaintCare had 100 active collection sites throughout the state, a decrease of two sites from the 102 at the end of Year 2. Changes in collection sites are detailed in Table 4 on pages 10-12.

The current 100 collection sites provide 97.3% of Oregon residents living within cities, towns and census designated places (CDP)<sup>1</sup> a site within 15 miles of their home, and 95.0% of all Oregon residents a site within 15 miles.

Figure 1 shows the number of collection sites at the end of each year since before the PaintCare program began through the end of Year 3.

**Figure 1. Collection Infrastructure (Permanent Collection Sites)**



<sup>1</sup> CDP is defined as a statistical entity for each 10 year census according to Census Bureau guidelines. A CDP is comprised of a densely settled concentration of population that is not within an incorporated place, but is locally identified by a name. CDPs are delineated cooperatively by state and local officials and the Census Bureau following Census Bureau guidelines. Beginning with Census 2000 there are no size limits.



Collection sites are predominately retailers.

Table 1 summarizes PaintCare’s collection infrastructure at the end of Year 1 through the end of Year 3, including both permanent facilities and collection events. It should be noted the PaintCare collection infrastructure provides a much greater level of convenience than pre-program collection service comprised primarily of household hazardous waste (HHW) programs with limited hours of operation. The majority of PaintCare collection sites are retail stores that are open, on average, five or more days per week. Figure 2 shows the number of PaintCare collection sites by type: HHW/solid waste facilities, retail stores and reuse stores (e.g. Habitat for Humanity ReStores).

**Table 1. PaintCare Collection Infrastructure**

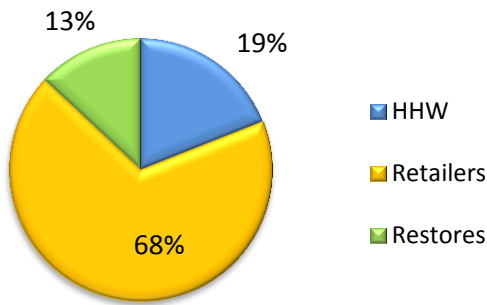
Collection Site	Year 1	Year 2*	Year 3
HHW & Solid Waste Facilities	15	19	19
Retailers	69	71	68
ReStores	9	12	13
Total Sites	93	102	100

Collection Events	Year 1	Year 2	Year 3
PaintCare-Sponsored	2	6	4
HHW/Municipal-Sponsored	57	57	79
Total Events	59	63	83

\* Year 2 mistakenly listed one Restore as a Retail store. These figures have been adjusted accordingly.

**Figure 2. Collection Site Demographics**



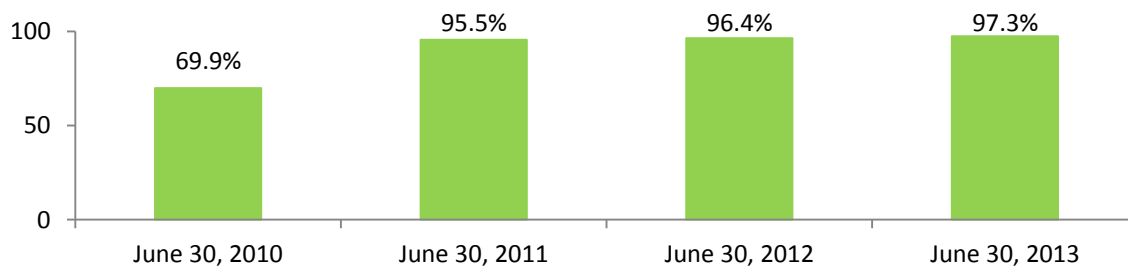
In addition to collection sites and events, the PaintCare Program provided 31 direct pick-ups to 23 commercial, institutional and industrial entities, including trade painters, apartment complexes, storage unit facilities and other private businesses.

### **Program Convenience**

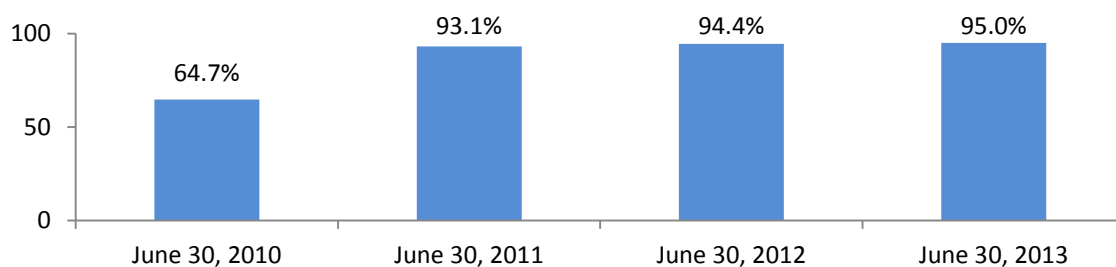
As laid out in the 2010 Program Plan, the program uses distance and population as criteria for determining convenient and available statewide collection sites. At the end of Year 3, 95.0% of Oregon residents and 97.3% of residents living within cities, towns and CDPs have a collection site within 15 miles of their home. This reflects a 30.3 and 27.4 percentage point increase, respectively, over pre-program collection site convenience. Coverage is determined by independent, third party GIS analysis. An explanation of the process is provided in Appendix A.

Figures 3 and 4 illustrate the convenience values discussed above. Table 2 shows the year to year percentage point increase in convenience.

**Figure 3. Residents in Cities, Towns and CDPs Living within 15 Miles of a Collection Site**



**Figure 4. Residents (Statewide) Living within 15 Miles of a Collection Site**

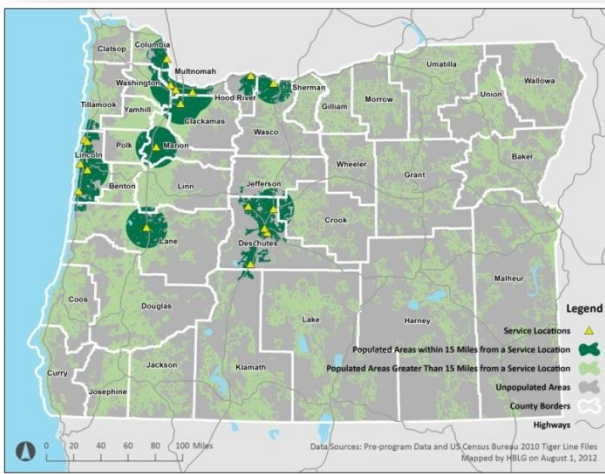


**Table 2. Year-to-Year Change in Convenience**

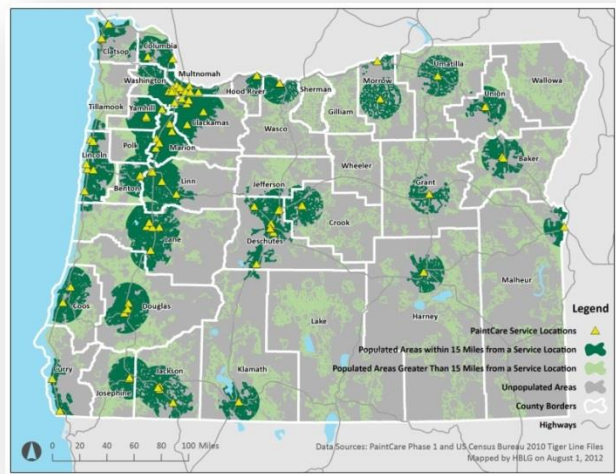
Population Group	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Cities, Towns and CDPs	69.9%	+25.6%	+0.9%	+0.9%
Entire Oregon Population	64.7%	+28.4%	+1.3%	+0.6%

Collection sites at the four stages of the program – June 30, 2010 (pre-PaintCare Program), end of Year 1, end of Year 2, and end of Year 3 – are mapped and shown in Figures 5-8. The yellow triangles on the maps indicate the location of a permanent collection site. The dark green circles show a 15 mile radius around a collection site.

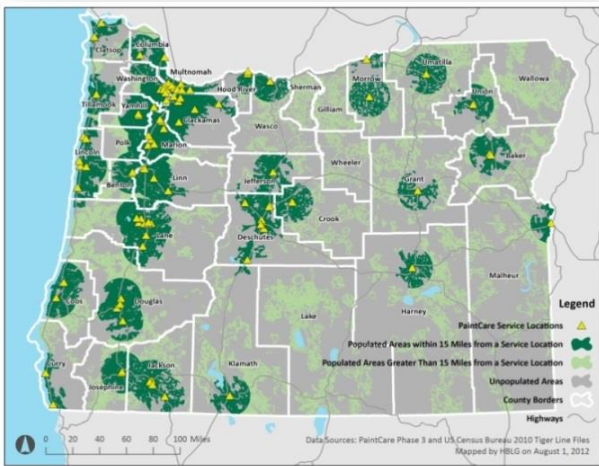
**Figure 5. Pre Program**



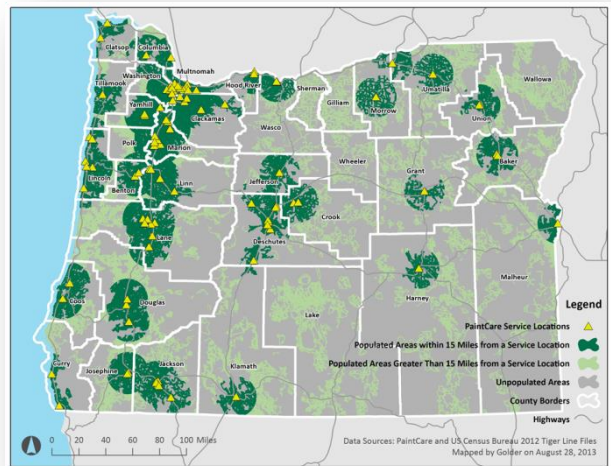
**Figure 6. End of Year 1**



**Figure 7. End of Year 2**



**Figure 8. End of Year 3**



## **Collection Procedures**

Collection procedures remained the same in the third year of the program. (Please refer to the 2011 PaintCare Annual Report for more details). As before, collection sites receive site visits by the program manager on a routine basis to ensure the site is following PaintCare procedures, as well as complying with health, safety and environmental standards. Sites are also visited in response to complaints or compliance issues. There were 76 site visits conducted in Year 3. Due to the transition between program managers (Rick Volpel retired and Roy Weedman was hired), there was a reduction in site visits for this reporting year. All sites will be visited in the current reporting year.

## **B. Transportation and Processing**

### **Transportation**

As described in the 2011 PaintCare Annual Report, the program continues to utilize the transportation procedures and material tracking systems that were implemented in Year 1, including contracting with PSC to provide transportation services to collections sites, collection events and large volume direct pick-ups.

### **Latex Paint Processing**

Metro, Lincoln County Haulers Association (LCHA), Marion County and PSC continued to provide recycling and latex paint management services to the program in Year 3.

As described in the 2011 PaintCare Annual Report, Metro collects latex paint from its two fixed HHW facilities and collection events in the Portland metropolitan area. Metro also receives latex paint collected by PSC from statewide collection sites. Under the Metro Agreement, recyclable latex paint is made into new recycled-content latex paint and sold or distributed through a variety of channels. Any latex paint processed at the Metro paint facility that is not of suitable quality or useful color to recycle back into paint is used for biodegradation, a process used to extract gas from landfills. For more information about this process, please refer to the 2011 PaintCare Annual Report. It should also be noted that the market for recycled-content paint, particularly for less popular colors, may vary from year to year. This explains the reduction in the volume of recycled-content paint attributed to the Metro program for this reporting year

Latex paint collected outside the Portland Metro area and deemed unsuitable for recycling at Metro is sent by PSC to Amazon Environmental. Amazon recycles this material into recycled-content paint and a biomass fuel product. For more information about the biomass fuel product, please refer to the 2011 PaintCare Annual Report.

Latex paint collected in Lincoln County by members of the LCHA is segregated into good, recyclable paint and poor quality, non-recyclable paint. Recyclable paint is made into recycled-content paint and sold locally. Unsold recycled-content and non-recyclable paint (and alkyd paint) is transported back to PSC's consolidation facility and managed through PSC and Metro.

Similarly, recyclable latex paint collected by Marion County is processed into recycled-content paint and given away locally for free. Non-recyclable latex paint (and alkyd paint) is sent to the County's incinerator for energy recovery.

### **Alkyd Paint Processing**

PSC continues to be the primary service provider for alkyd paint. With the exception of Marion County, PSC services the entire state for alkyd paint management, including Metro. All alkyd collected by PSC goes for fuel blending. Alkyd (along with unusable latex paint) collected by Marion County is utilized for energy recovery at Marion County's incinerator in the City of Brooks.

Note: Due to a miscalculation in last year's data, Marion County restated their alkyd paint volumes for Year 2, reducing the total volume of alkyd paint collected in the PaintCare program last year. Corrections to Year 2 collection volumes and related calculations are noted where relevant in this report.

### **Reuse**

Metro runs an alkyd paint reuse program under contract for the PaintCare program. In addition, PaintCare partners with 13 reuse stores to facilitate paint reuse. Under this program, good, usable paint in its original container is offered back to the public either for free or for a discounted price. Collection sites with reuse programs report the gallons they distributed to the public to PaintCare. However, to be conservative, PaintCare only reports 75% of the volume reported by the collection sites to account for the fact that not all paint containers are full.

### **Container Recycling**

When feasible, plastic paint pails and metal cans from Metro and Amazon's operations continue to be sent for recycling.

## SECTION II. Volume and Type of Post-Consumer Architectural Paint Collected in All Regions of the State

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### A. Collection Volumes by Type and Site/Service

A total of 580,693 gallons of paint was collected between July 1, 2012 and June 30, 2013. This represents a 23.6% increase over the first year of the Oregon program and a 1.7% increase over the revised Year 2 volume. Table 3 show the volume of post-consumer architectural paint collected by type in the first three years of the program.

**Table 3. Gallons of Paint Collected by Type and by Year**

	Year 1		Year 2*		Year 3	
	Gallons	Percent	Gallons	Percent	Gallons	Percent
<b>Alkyd</b>	117,529	25	150,578	26	162,108	28
<b>Latex</b>	352,136	75	420,227	74	418,585	72
<b>Total</b>	469,665	100	570,805	100	580,693	100

\* Marion County mistakenly over-reported 38,666 gallons of alkyd paint in Year 2. Correcting for this, the total amount of alkyd paint collected in the program in Year 2 is reduced from 189,244 gallons to 150,578 gallons. This also changes the relative percentage of alkyd and latex paint in Year 2 from 31:69 to 26:74.

The following tables list the locations and/or services through which program products were collected in Year 3; some collection activity is more easily reported by site, while other collection activity is more easily reported by service. The activities in Tables 4 and 5 are cumulative, and comprise all the paint collected in Year 3.

Table 4 provides collection activity data (reported by the number of totes of paint collected) at every permanent collection facility with the exception of Metro's two sites. It also does not include paint that is managed on-site by LCHA and Marion County. Because the volume of paint recovered in a tote (cubic yard box) can vary significantly, PaintCare and DEQ have agreed that reporting the number of totes collected per site is sufficient to provide for a picture of collection activity at a particular site and to allow for year-to-year comparisons.

Table 5 provides collection activity data at Metro's two sites (in gallons); paint processed on-site by LCHA and Marion County (in gallons); municipal HHW and PaintCare collection events (in totes); direct large volume pick-ups (LVPs) (in totes); and reuse volumes (in gallons).



Collection containers or “Totes” are about 1 cubic yard in volume. Random sampling was used to develop a conversion factor for the number of gallons expected from each tote.

**Table 4. Paint Collection Activity at Permanent Sites in Program Years 2 and 3**

Location	County	City	Year 2 Totes	Year 3 Totes
Millers Home Center and Lumber <sup>(1)</sup>	Baker	Baker City	52	6
Thatcher's Ace Hardware	Baker	Baker City	13	13
Benton County ReStore	Benton	Corvallis	57	60
Sherwin Williams	Benton	Corvallis	40	55
Miller Paint	Clackamas	Clackamas	74	111
Estacada True Value	Clackamas	Estacada	5	13
Miller Paint	Clackamas	Lake Oswego	100	106
Molalla True Value <sup>(2)</sup>	Clackamas	Molalla	5	8
Welches Mountain Building Supply <sup>(3)</sup>	Clackamas	Welches	-	23
Astoria Builders Supply <sup>(4)</sup>	Clatsop	Astoria	60	16
City Lumber Company	Clatsop	Astoria	13	34
Gearhart Builders Supply <sup>(5)</sup>	Clatsop	Gearhart	26	10
Sherwin Williams	Clatsop	Gearhart	44	68
Columbia County Transfer Station	Columbia	St Helens	29	20
Vernonia Hardware and Supply	Columbia	Vernonia	14	19
Beaver Hill Disposal Site	Coos	Coos Bay	37	33
Benjamin Moore	Coos	Coos Bay	58	74
Crook County Solid Waste	Crook	Prineville	60	43
Parr Lumber	Crook	Prineville	22	13
Kerr Ace Hardware Building Center	Curry	Brookings	14	21
Gold Beach Lumber	Curry	Gold Beach	5	15
Deschutes County HHW	Deschutes	Bend	402	362
Mitchell Hardware <sup>(6)</sup>	Deschutes	Bend	4	-
Bend ReStore	Deschutes	Bend	55	53
Rodda Paint and Decor	Deschutes	Bend	19	17

- (1) Millers Home Center had a reduction in the number of totes due to using totes in Year 2 for a community cleanup event in Elgin.
- (2) Molalla True Value left the program in March 2013 after moving to a location that does not have a secure location for tote storage.
- (3) Welches Mountain Building Supply entered the program in June 2012.
- (4) Astoria Builders Supply left the program in November 2012 due to business closure.
- (5) Gearhart Builders Supply left the Program in September 2012 due to business closure.
- (6) Mitchell Hardware left the program in November 2011 due to security concerns.

<b>Location</b>	<b>County</b>	<b>City</b>	<b>Year 2 Totes</b>	<b>Year 3 Totes</b>
Sherwin Williams	Deschutes	Bend	67	74
Standard Paint and Abbey Carpet	Deschutes	Bend	10	14
La Pine Ace Hardware & Building Supply	Deschutes	La Pine	49	39
Redmond Habitat ReStore	Deschutes	Redmond	73	61
Sherwin Williams	Deschutes	Redmond	35	35
Lutton's Ace Hardware	Deschutes	Sisters	38	35
Del's Building Supply <sup>(7)</sup>	Douglas	Myrtle Creek	-	3
Heartwood Resources	Douglas	Roseburg	18	8
Sherwin Williams	Douglas	Roseburg	61	74
Harrison's True Value Hardware <sup>(8)</sup>	Douglas	Winston	11	14
John Day True Value <sup>(9)</sup>	Grant	John Day	6	1
Parr Lumber	Harney	Burns	4	9
Hometown Paint	Hood River	Hood River	6	26
Tri County HHW	Hood River	Hood River	50	45
Miller Paint	Jackson	Ashland	83	77
Drake's Paint & Supply	Jackson	Medford	87	79
Miller Paint Medford	Jackson	Medford	96	96
Parr Lumber	Jackson	Medford	49	36
Rogue Valley ReStore	Jackson	Medford	38	66
Sherwin Williams	Jackson	Medford	100	91
Jefferson County ReStore <sup>(10)</sup>	Jefferson	Madras	-	9
Glidden Professional Paint Center	Josephine	Grants Pass	56	43
Sherwin Williams	Josephine	Grants Pass	61	70
Sherwin Williams	Klamath	Klamath Falls	70	79
Cascade Home Center	Lane	Cottage Grove	17	19
Cascade Home Center <sup>(11)</sup>	Lane	Creswell	-	8
Forrest Paint Retail	Lane	Eugene	245	197
Jerry's Home Improvement Center	Lane	Eugene	108	85
Lane County HHW and Transfer Station	Lane	Eugene	184	192
Sherwin Williams	Lane	Eugene	75	79
Tommy's Paint Pot	Lane	Eugene	75	61
Jerry's Home Improvement Center	Lane	Springfield	4	83
Square Deal Lumber <sup>(12)</sup>	Lane	Springfield	32	30
Lincoln County Solid Waste Transfer Station	Lincoln	Lincoln City	28	49
Sherwin Williams	Lincoln	Newport	13	7
Thompson's Sanitary SVC	Lincoln	Newport	12	28
Dahl Disposal Service	Lincoln	Toledo	29	29
Dahl Disposal Service-Waldport	Lincoln	Waldport	18	14
Albany Area ReStore	Linn	Albany	99	90
Sherwin Williams	Linn	Albany	33	43
Lebanon ReStore	Linn	Lebanon	11	12
Hoys True Value Hardware	Linn	Sweet Home	14	18

(7) Del's Building Supply was incorrectly listed as Del's Building Hardware in Myrtle Point (Coos County) in Year 2. The Myrtle Point True Value Hardware left the program in March 2011.

(8) Harrison's Hardware left the program in June 2013 due to new ownership.

(9) John Day True Value had a reduction in totes in Year 3 due to location is only drop off location within 70 miles and services a small community of just under 1,800 residents.

(10) Jefferson County ReStore had no totes picked up in Year 2 but had 9 totes picked up in Year 3. Jefferson County ReStore receives a small amount of paint from a community of just over 6,000 residents.

(11) Cascade Home Center entered the program in June 2012.

(12) Square Deal Lumber left the program in June 2013 due to staff reductions and because the store stopped selling paint.

Location	County	City	Year 2 Totes	Year 3 Totes
Kinney Bros & Keele True Value Hardware	Malheur	Ontario	24	27
Sherwin Williams	Marion	Keizer	18	30
Mt. Angel ReStore	Marion	Mount Angel	2	3
Capital Paint <sup>(13)</sup>	Marion	Salem	8	-
Marion County Transfer Station/HHW <sup>(14)</sup>	Marion	Salem	252	42
Sherwin Williams (Lancaster Street)	Marion	Salem	23	25
Sherwin Williams (Garden Way)	Marion	Salem	37	39
Mid-Willamette Valley Habitat for Humanity <sup>(15)</sup>	Marion	Salem	N/A	8
Rodda Paint - GW Hardware	Marion	Woodburn	9	12
Morrow County Public Works (Boardman)	Morrow	Boardman	3	8
Morrow County Public Works (Lexington)	Morrow	Lexington	2	4
Miller Paint	Multnomah	Gresham	171	194
Kaleidoscope Paint	Multnomah	Portland	38	45
Parkrose True Value Hardware	Multnomah	Portland	87	116
Powell Paint Center	Multnomah	Portland	82	142
Powell Villa Ace Hardware	Multnomah	Portland	13	19
Portland ReStore	Multnomah	Portland	63	51
Rodda Paint Eastside	Multnomah	Portland	53	58
Sherwin Williams	Multnomah	Portland	101	83
Tillamook County SW Transfer Station/HHW	Tillamook	Tillamook	60	70
Sherwin Williams	Umatilla	Pendleton	50	44
Miller Home Center	Union	La Grande	6	34
Thatcher's Ace Hardware-La Grande	Union	La Grande	5	11
Sawyer's True Value	Wasco	The Dalles	6	5
Tri County HHW	Wasco	The Dalles	38	32
Suburban Ace Hardware Inc.	Washington	Aloha	125	125
Beaverton ReStore	Washington	Beaverton	50	57
Rodda Paint Progress	Washington	Beaverton	92	101
Miller Paint-Beaverton Hillsdale Highway	Washington	Portland	128	167
Miller Paint-Murray Road	Washington	Portland	177	249
Sherwin Williams	Washington	Tualatin	188	214
Orchard Supply Hardware <sup>(16)</sup>	Washington	Tigard	N/A	-
Orchard Supply Hardware <sup>(16)</sup>	Washington	Beaverton	N/A	-
Sherwin Williams	Yamhill	McMinnville	33	42
McMinnville ReStore	Yamhill	McMinnville	58	59
Newberg Hardware	Yamhill	Newberg	74	78

(13) Capital Paint left the program in March 2012 due to business closure.

(14) Marion County had PSC service during latex processing shut down periods in Year 2 and Year 3.

(15) Mid-Willamette Valley Habitat for Humanity entered the program in September 2012.

(16) Two Orchard Supply Hardware stores entered the program in June 2013.

**Table 5. Additional Paint Collection Activities in Program Years 2 and 3**

<b>Activity (Site/Event)</b>	<b>Year 2</b>	<b>Unit</b>	<b>Year 3</b>	<b>Unit</b>
Metro Collection System (South/Central)	212,980	gallons	196,607	gallons
Lincoln County Haulers Association <sup>#</sup>	2,765	gallons	1,315	gallons
Marion County <sup>**</sup>	54,286	gallons	89,880	gallons
Municipal (HHW)-Sponsored Collection Events	389	totes	381	totes
PaintCare-Sponsored Collection Events	29	totes	23	totes
Direct Large Volume Pick-Up (LVP) Service (31 LVP's)	122	totes	191	totes
Direct Reuse	17,949	gallons	25,463	gallons

# Volumes reported for these programs do not include paint picked up by PSC and managed through the PSC/Metro system (those volumes are included in the volume by site in Table 4).

\* Marion County volume corrected; stated as 92,951 gallons in Year 2 report.

Table 6 lists the 45 non-Metro municipal/HHW-sponsored collection events, 4 PaintCare-sponsored collection events, and indicates that 34 collection events were held by Metro.

**Table 6. Municipal/HHW, PaintCare and Metro Collection Events in Program Year 3**

<b>Sponsor</b>	<b>City</b>	<b>County</b>	<b>Events</b>	<b>Totes</b>
Allied Waste/Albany-Lebanon Sanitation	Corvallis	Benton	2	40
Boeing HHW Event	Portland	Washington	2	6
Clatsop County	Warrenton	Clatsop	1	32
Columbia County HHW	Vernonia	Columbia	1	1
Columbia County HHW	Clatskanie	Columbia	2	10
Corvallis Disposal/Allied Waste	Corvallis	Benton	4	83
Lane County Solid Waste	Florence	Lane	4	39
Polk County Solid Waste	Dallas	Polk	1	16
Polk County Solid Waste	Independence	Polk	1	16
Southern Oregon Sanitation	Grants Pass	Josephine	1	10
Tri-County HHW	Cascade Locks	Hood River	1	3
Tri-County HHW	Dufer	Wasco	1	2
Tri-County HHW	Maupin	Wasco	1	3
Tri-County HHW	Mosier	Wasco	1	4
Tri-County HHW	Moro	Sherman	1	2
Tri-County HHW	Odell	Hood River	1	1
Tri-County HHW	Parkdale	Hood River	1	3
Tri-County HHW	Tygh Valley	Wasco	1	5
Columbia County HHW	St. Helens	Columbia	16	76
Yamhill County Solid Waste	McMinnville	Yamhill	1	14
Yamhill County Solid Waste	Newberg	Yamhill	1	15
PaintCare	Hermiston	Umatilla	1	3
PaintCare	Lakeview	Lake	1	12
PaintCare	Enterprise	Wallowa	1	7
PaintCare	Fossil	Fossil	1	1
Metro	Varies	Clackamas, Multnomah and Washington	34	285

## B. Recovery Rate

As described in the PaintCare Program Plan, studies have shown that up to 10% of paint remains unused (leftover) and available for recycling. A recovery rate of 10% would indicate that all potential unused paint is being recovered. However, since it is unlikely that all available unused paint would be returned for recycling, a more conservative approach is to target a number in the range of 7-8%. Prior to program implementation, assumptions were made about potential recovery rates based on projected sale volumes and historical post-consumer paint collection volumes in Oregon. Using these assumptions, target recovery rates were set at 7.1%, 7.4% and 7.8% in program Years 1, 2 and 3, respectively. In other words, in program Year 3, the paint volume that is equal to 7.8% of sales in that same year was our collection goal.

To derive recovery rate, the following steps were taken:

1. Sales volumes were obtained for each reporting year
2. Collection volumes were obtained for each reporting year
3. Collection volume in each year was divided by sales volumes in the same year

Table 7 summarizes volume sold, volume collected, and the resulting recovery rate for each year of the program. It also shows the change in sales and collection volumes from Year 2 to Year 3.

**Table 7. Recovery Rates**

<b>Sales Volume</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 2 to 3 Change</b>
Gallons Latex Sold	6,337,816	6,578,436	6,578,058	-0.01%
Gallons Alkyd Sold	975,904	1,005,510	795,995	-20.8%
Total	7,313,720	7,583,946	7,374,053	-2.8%
<b>Collection Volume</b>				
Gallons Latex Collected	352,136	420,227	418,585	-0.4%
Gallons Alkyd Collected	117,529	*150,578	162,108	+7.7%
Total	469,665	570,805	580,693	+1.7%
<b>Recovery Rate</b>	<b>6.4%</b>	<b>7.5%</b>	<b>7.9%</b>	

\* Corrected for restated Marion County volumes.

### SECTION III. Volume of Post-Consumer Architectural Paint Collected in the State by Method of Disposition, Including Reuse, Recycling, Energy Recovery and Disposal

#### A. Paint Disposition

As described in Section I of this report (Description of the Methods Used to Collect, Transport, Recycle and Process Post-Consumer Architectural Paint in the State), latex paint is processed into recycled-content paint, used for landfill biodegradation, given away or sold in a reuse program, and used for energy recovery either directly or as a biomass product. Alkyd paint is primarily used for energy recovery, with a small volume given away or sold through reuse programs.



5 gallon buckets of recycled paint at Metro are sold or distributed through local outlets.

Table 8 summarizes latex and alkyd paint disposition in Years 1, 2 and 3 of the program. Figures 10 and 11 illustrate Year 3 disposition methods.

**Table 8. Summary of Paint Disposition Method by Percentage in Years 1, 2 and 3**

<b>Latex</b>	<b>% Year 1</b>	<b>% Year 2</b>	<b>% Year 3</b>
Paint to Paint Recycling	57	72	64
Biodegradation	28	15	24
Paint Reuse	3	3	5
Energy Recovery	0	4	5
Biomass	4	6	2
Cement Additive	8	-	-
Total	100	100	100
<b>Alkyd</b>			
Fuel Blending/Energy Recovery	97	98	96
Paint Reuse	3	2	4
Total	100	100	100

Figure 9. Latex Disposition Year 3

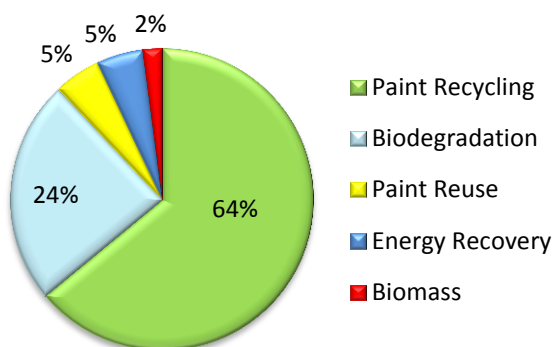
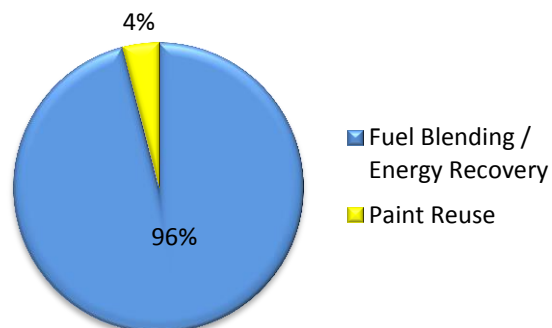


Figure 10. Alkyd Disposition Year 3



## B. Container Recycling

As described in Section I of this report, plastic paint pails and metal cans from Metro and Amazon's operations continue to be sent for recycling when feasible. In program Year 3, the program recycled 8.7 tons of plastic paint containers and 73.4 tons of metal cans.

## SECTION IV. Independent Financial Audit of the Program

An independent financial audit was conducted of the PaintCare program by Rogers & Company PLLC. This independent CPA firm conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that the firm plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit process includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. In Rogers & Company's opinion, the financial statements of PaintCare present fairly, in all material respects, the financial position as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Please see Appendix B for the independent financial audit of the PaintCare program.

## SECTION V. Description of Program Costs

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Program expenses fall into two main categories – Program Delivery Expenses and Administrative Expenses.

Program delivery expenses include the following categories:

- **Transportation and processing** services are the single largest program expense. These expenses include all program transport and processing services offered by PSC, Metro, Lincoln County Haulers Association and Marion County.
- **Communications** includes marketing and advertising within the state of Oregon, website support, and point of sale materials.
- **State agency administrative fees** of \$10,000 are paid to the Oregon DEQ annually.
- **Collection support** includes spill kits and any miscellaneous supplies needed by collection sites to maintain safe and clean operations.
- **Other program services** includes the fees charged by Product Care to administer the Oregon program, license fees associated with an online site locator tool, pollution / environmental insurance, travel, and professional fees which includes the performance evaluation of the Oregon program conducted by the Product Stewardship Institute.

Administrative expenses include Oregon's share of the "corporate costs" or **indirect costs** for PaintCare. Expenses not directly benefiting a state program are captured in the indirect cost pool and allocated to each state program. In fiscal year 2012, the basis for the allocation was an estimated level of effort on the part of PaintCare corporate staff for the Oregon program. The percentage used then was 35% of the corporate costs. In Year 3, PaintCare changed the basis of the allocation to the relative population size of each participating state. In Year 3, the Oregon program was allocated 8.4% of the total indirect (corporate) costs of PaintCare. Examples of indirect costs include:

- Personnel cost of corporate staff
- Administrative support from the American Coatings Association
- Corporate legal fees
- Insurance

Table 9 summarizes Year 2 and 3 program expenses.

**Table 9. Year 2 and 3 Program Expenses**

<b>Program Delivery Expenses</b>	<b>Year 2</b>	<b>Year 3</b>
Transportation and Processing	\$2,831,356	\$3,066,875
Communications	303,724	275,340
State Agency Administrative Fee	10,000	10,000
Collection Support	770	1,166
Other Program Services	441,948	322,281
Total Program Delivery Expenses:	3,587,798	3,675,662
<b>Administrative Expenses</b>	234,764	119,006
<b>Total Expenses</b>	\$3,822,562	\$3,794,668

There were significant variances in the categories of Other Program Services and Administrative Expenses between years 2 and 3. The decrease in Other Program Services is due (1) to lower development and oversight costs billed by Product Care as PaintCare began to transition program management from Product Care to in-house, and (2) fewer months of license fees for the online site locator tool as PaintCare transitioned from using Earth911's tool to our own in-house tool. The decrease in Administrative Expenses is due to a lower percentage of corporate costs allocated to the Oregon program.

Using the US Census Bureau's 2010 Oregon population of 3,831,074, Table 10 presents costs and collection metrics for program Years 2 and 3.

**Table 10. Program Delivery Metrics**

	<b>Year 2</b>	<b>Year 3</b>
Cost per Person	\$ 1.00	\$ 0.99
Cost per Gallon*	\$ 6.70	\$ 6.53
Gallons per Capita*	0.15	0.15

\* Year 2 adjusted due to the correction in Marion County's alkyd volume in Year 2.

## SECTION VI. Evaluation of the Operation of the Program's Funding Mechanism

### A. Assessment Rate

As described in the PaintCare Oregon Program Plan, the program utilizes the assessment rates (aka "PaintCare Recovery Fee") shown in Table 11.

**Table 11. PaintCare Recovery Fee (based on container size)**

Container size	Fee per container
Less than half pint	\$0.00
Half pint to less than 1 gallon	\$0.35
1 gallon	\$0.75
Greater than 1 gallon to 5 gallons	\$1.60

As in the first two years of the program, the assessment rate and system established to receive payments from manufacturers has continued to perform well through the third year of the program.

### B. Revenues

The program has now acquired three years of accurate sales data for Oregon and will revise future year projections based on this data. As sales vary from year to year with general economic activity, related home-building/renovation activities, and seasonal variation, reforecast of revenue will be done on at least an annual basis by the PaintCare program.

Total revenue for the Oregon program was \$4,055,200 in Year 3, which was adequate to cover the total expenses for the program. Total architectural paint containers sold in Oregon were 5.4 million, equating to a total volume of over 7.3 million gallons of paint. As in previous years, the container size representing the largest share of revenue was the one-gallon container.

Table 12 shows the total number of containers and corresponding revenue for each container size category.

**Table 12. Paint Sales and PaintCare Revenue**

Container size	Year 3 Containers	Year 3 Gallons	Year 3 Revenue	Percent Containers	Percent Volume	Percent Revenue
Less than half pint	164,205	10,263	-	3	< 1	0
Half pint to less than 1 gallon	1,394,660	348,665	488,131	25	5	12
1 gallon	3,074,950	3,074,950	2,306,213	57	42	5
Greater than 1 gallon to 5 gallons	788,035	3,940,175	1,260,856	15	53	31
Total	5,421,850	7,374,053	\$4,055,200	100	100	100

### C. Surplus

To illustrate program surplus, Table 13 summarizes program revenue and expenses in program Years 2 and 3.

**Table 13. Years 2 and 3 Financial Summary**

	<b>Year 2</b>	<b>Year 3</b>
<b>Revenue</b>		
Recovery fees	\$4,163,922	\$4,055,200
Royalty/other	83,149	-
Total revenue:	4,247,071	4,055,200
<b>Expenses</b>		
Program delivery	3,587,798	3,675,662
Administrative	234,764	119,006
Total expenses:	3,822,562	3,794,668
<b>Total change in net assets</b>	424,509	260,532
<b>Net assets, beginning of year</b>	259,911	684,420
<b>Net assets, end of year</b>	\$684,420	\$944,952

The net assets (or “accumulated surplus”) of the Oregon program at the end of Year 1 were \$259,911. The net assets increased during Year 2 by \$424,509, resulting in a balance of net assets on June 30, 2012 of \$684,420. In Year 3, the net assets further increased by \$260,532, resulting in a balance of net assets on June 30, 2013 of \$944,952.

PaintCare has adopted a policy to maintain net asset balances in each state program equal to three months (1 operating quarter) of expenditures. This accumulated balance allows PaintCare programs to continue to operate in times of either high post-consumer paint collection or low retail paint sales – or in a combination of the two. For the Oregon state program, this targeted balance is roughly \$1 million.

At the end of Year 3, the Oregon program has nearly reached the target balance. In the Year 2 Annual Report, PaintCare noted that once the target balance is reached, we will determine whether to increase certain expenditures, such as outreach and communications, or whether to reduce the assessment fees, or to implement a combination of the two. However, because the new legislation supporting the permanent program (HB 2048) also requires an increase in the number of collection sites by approximately 30% through its revised convenience standard that includes “one permanent collection site exists for every 30,000 residents in this state,” PaintCare will need to evaluate the increased cost of a larger program as part of its decision regarding the current net asset balance.

## SECTION VII. Education and Outreach

This section describes PaintCare's outreach and education efforts in Oregon during the reporting period.

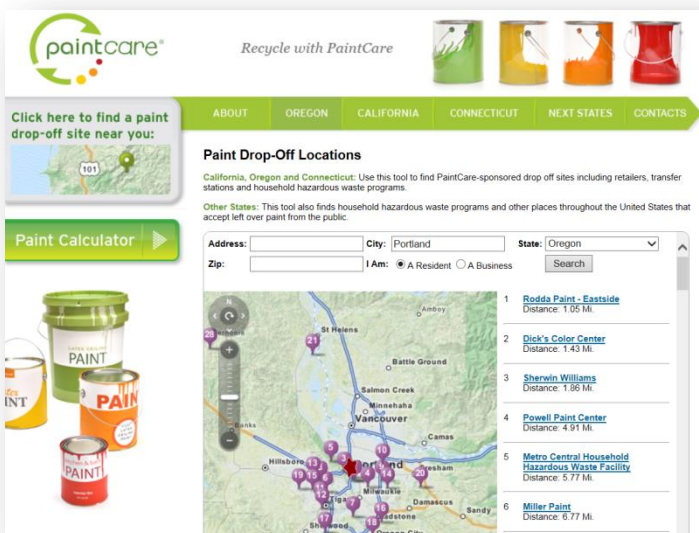
### A. Communications Activities

#### Point of Sale Print Materials

PaintCare continued to distribute the same point of sale materials that were developed at the start of the program. These posters and counter cards are available for retailers to inform consumers purchasing architectural paint in Oregon. The posters advise consumers of the program, calculating the right amount of paint needed for a painting job, and how to find local paint drop-off locations. Counter cards include information on the PaintCare Recovery Fees, a listing of what products are covered by the program, and how to find local paint drop-off locations. These materials are available to all retailers free of charge and restocked throughout the year as needed or upon request.

#### Website

PaintCare's website ([www.paintcare.org](http://www.paintcare.org)) includes information on all aspects of the program. The site was redesigned in October 2012 to match the look and feel of the new PaintCare branding. A new, PaintCare managed "site locator" was activated in March 2013, replacing the Earth911 system that PaintCare previously utilized. Visitors to the website can enter their zip code and receive a list of paint drop-off sites closest to them. Because PaintCare programs were started in other states during the reporting year, the website was reorganized to provide a tab for each state.



PaintCare's site locator tool can be used to find the PaintCare drop-off site closest to any address.

## Toll Free Number: 855-PAINT09 (855-724-6809)

PaintCare set up a new toll free number in August 2012. This number is used on all new promotional materials and is answered by a PaintCare employee in Washington, D.C., Monday-Friday, 7 am - 2:30 pm Pacific Time.

## Press Releases and Earned Media

PaintCare distributed three press releases this year: 2012 Annual Report Release (September 2012), Earth Day (April 2013) and Rural Drop-Off Events (May 2013). Although there may have been some additional coverage, we know that the releases resulted in stories about PaintCare as follows: 3 on television, 5 on radio, 19 in newspapers, and at 22 online. Here are three representative newspaper articles:

### Paint recycling program finds success in Columbia County

The annual report for Oregon's paint stewardship program for PaintCare, a Portland-based non-profit organization established by the American Coatings Association, shows a 30 percent increase in the paint recycling program's second year.

More than 600,000 gallons of leftovers were collected during the second year. The program has collected more than 1 million gallons of leftover paint throughout Oregon since the program began in July 2010.

Of those, 173,632 gallons were collected in the past year outside of the Portland metro area, and more than 2,000 gallons were collected in Columbia County from two collection sites: Columbia County on Railroad Avenue in St. Helens and Vernonia Hardware and Supply on Bridge Street

in Vernonia.

The report reveals that the pilot program, the first of its kind in the U.S., has shown significant increases in both the collection of latex and alkyd (oil-based) paint as well as the public's general awareness of the program.

In its second year, PaintCare set up 11 new drop-off sites to improve the convenience for both residents and businesses with paint to recycle. There are now a total of 102 drop-off sites in Oregon, and 94 percent of all Oregonians live within 15 miles of a PaintCare drop-off site, an increase from 65 percent at the start of the PaintCare program.

Paint retailers make up 70 percent of the drop-off sites; the other 30 percent are government-run household hazardous waste facilities, solid waste facilities, and ReStores.

### Miller's, Thatcher's help with paint stewardship

Two La Grande retailers are doing their bit to help make Oregon's Paint Stewardship Program a success, according to a report from PaintCare, the program's operator. PaintCare said that statewide the program has collected over 600,000 gallons of leftover paint during its second year. Since it began in July 2010, it has collected over one million gallons.

In the past year, 173,600 gallons have been collected outside the Portland metropolitan area. In Union County, over 500 gallons have been taken in at the collection sites at Miller Home Center and Thatcher's Ace Hardware in La Grande.

The Oregon pilot program, in which people may get rid of their leftover paint free of charge, is the first of its kind in the United States and has shown significant increases in the collection of latex and alkyd (oil based) paints.

There are a total of 102 drop-off sites in Oregon. Paint retailers like Miller's and Thatcher's make up 70 percent of the sites. The remainder are government run household hazardous waste facilities, solid waste facilities and ReStores.

PaintCare is a nonprofit organization that implements Paint Stewardship Programs in states that pass stewardship laws.

— From staff reports

### PAINT RECYCLE

From page 1

recycled drop-offs by local citizens and looked through to ensure that no solvents are dropped off. Dumilieu would like to see a program that would take solvents and other waste products brought to Lake County in the near future, but there are currently none in place at this time.

This year, the amount collected totaled around 8,250 lbs of mixed paint, which was nearly the same as last year.

"It was a very good turnout," said Dumilieu.



Eric Perkins and Paul Bourland of Paint Stewardship Inc. collect and sift through recycled paint dropped off by Lake County citizens.

### Paintcare Recycling collects 8,250 lbs

By Anthony Burrola  
Lake County Examiner

Lake County Landfill  
Mgr. Rick Dumilieu oversaw the Paint Care Recycling program that took place at

the Lake County Road Department Shops on Saturday, June 8, from 9 a.m. to 2 p.m. The program is brought to Lakeview every year and the visiting recycling company works hand-in-hand with the County to get the word out. Programs of this nature, according to Dumilieu, typically require a population of 25,000 to be successful. Though Lake County's population is barely a third of that at best, the County does its best to make sure that citizens are able to do something with their old paint. They also do their best to make sure the program is a success and that the citizens take advantage of it as they start advertising for the event a full two months in advance.

The paint outfit, which takes in old paint that people no longer want, need, or use, and split it into two categories: good and bad paint. The good paint is used, recycled, and blended. After it goes through that process, it goes to big paint stores who then sell it at half the price. Bad latex, on the other hand, goes to cement factories and is not redistributed to the public. Employees from Paint Stewardship Inc., Eric Perkins and Paul Bourland, in addition to Dumilieu oversaw the

PAINT RECYCLE  
See page 3

## Radio Advertising

PaintCare purchased a variety of radio advertising during the year.

**Commercial English Radio:** PaintCare used two different radio spots this year. The summer 2012 radio campaign message was *Choosing the paint color is never easy, but choosing the right amount is*. This ad was aired 1474 times on 24 stations over a six week period starting in mid-August. The spring 2013 campaign ad consisted of a couple talking about wishing to free up space in their garage by taking unwanted paint to a drop-off site. This ad was aired 3124 times on 25 stations over a three month period starting in April 2013

Three new Radio Audiences were reached out to in this reporting period:

- **Spanish Radio:** Starting in April, PaintCare started advertising on eight Spanish radio stations (744 airings).
- **Public Radio:** Also starting in April, PaintCare started sponsorships on NPR (33 airings).
- **Rural Events:** In May and June PaintCare used three small rural radio stations to promote the three “paint-only” drop-off events held in June in Lakeview, Enterprise and Fossil (607 airings).

A full list of the radio stations and text of the radio scripts for each campaign are included in Appendix C.

## Newspaper Advertising

In September 2012 PaintCare ran the ad titled “Overwhelmed with Leftovers” in 35 newspapers; the ad explained to readers how the PaintCare program works and provided the location of paint drop-off sites in or near the newspaper’s market area.

In November 2012 PaintCare ran the ad titled “Thank You” in 35 newspapers to coincide with Thanksgiving; the ad listed and thanked participating drop-off sites for their partnership in the program.

In April, May and June PaintCare ran the ad titled “Recycle Your Paint” in the same newspapers three times and shifted to a schedule of placing ads once a month throughout the year, rather than seasonally in the spring and fall, as was the practice in the first two years of the program. The change was made to even out use of the drop off sites and the ability of the transporter to respond when bins are full. This ad was placed in 35 newspapers and listed the nearby drop-off sites.

The full list of newspapers is included in Appendix C. Samples of the ads are shown here:

### September 2012

**Overwhelmed with leftovers?**

Paint drop-off sites in your area:

**GRANTS PASS**  
SHERWIN WILLIAMS  
1072 ROGUE RIVER HIGHWAY  
GRANTS PASS, OR  
Mon-Fri 7-7,  
Sat 8-6, Sun 10-6

**GLIDDEN PROFESSIONAL  
PAINT CENTER**  
310 NE BEACON ST.  
GRANTS PASS, OR  
Mon-Fri 8-5, Sat 8-2

**Recycle with PaintCare®**  
Do you know what to do with leftover paint? When you have paint to recycle, simply take it to any of our drop-off sites. You're done. We'll take it from there.

With PaintCare, recycling unwanted paint is simple and convenient. When you have a gallon of new paint, \$5.75 of the purchase price funds recycling for all leftover paint—whether it's from last month or the last century. (It's \$5.75 for quart and \$1.60 for 1-gallon containers.)

Please do not bring paint thinner, varnish (e.g., some paints or epoxy coats), please check with the drop-off site if you have more than 5 gallons. For more information about what architectural paint products are accepted and what are not, please visit [www.paintcare.org](http://www.paintcare.org).

  
To learn more: [www.paintcare.org](http://www.paintcare.org)

### November 2012

**THANK YOU!**

PaintCare thanks these local drop-off sites for participating in the Oregon Paint Stewardship Program. Since 2010 we've recycled one million gallons of paint!

**HOMETOWN PAINT**  
1737 W Cascade Avenue  
Hood River, OR 97031  
(541) 386-3773

**TRI-COUNTY HHW**  
HOOD RIVER  
3440 Gaspard Drive  
Hood River, OR 97031  
3<sup>rd</sup> Saturday of month 9 am - 2 pm  
(541) 506-2624

Thanks to our local drop-off sites, it's easy to recycle our paint!

  
[www.paintcare.org](http://www.paintcare.org)

### April-June 2012

**Recycle Your Paint!**

Do you know what to do with leftover paint? With PaintCare, recycling unwanted paint is simple and convenient. Just bring it to your local drop-off site and we'll take it from there.

Thanks to our local drop-off sites, it's easy to recycle our paint!

**GRANTS PASS**  
SHERWIN WILLIAMS  
1072 ROGUE RIVER HIGHWAY  
GRANTS PASS, OR  
Mon-Fri 7-7, Sat 8-6, Sun 10-6

**GLIDDEN PROFESSIONAL  
PAINT CENTER**  
310 NE BEACON ST.  
GRANTS PASS, OR  
Mon-Fri 8-5, Sat 8-2

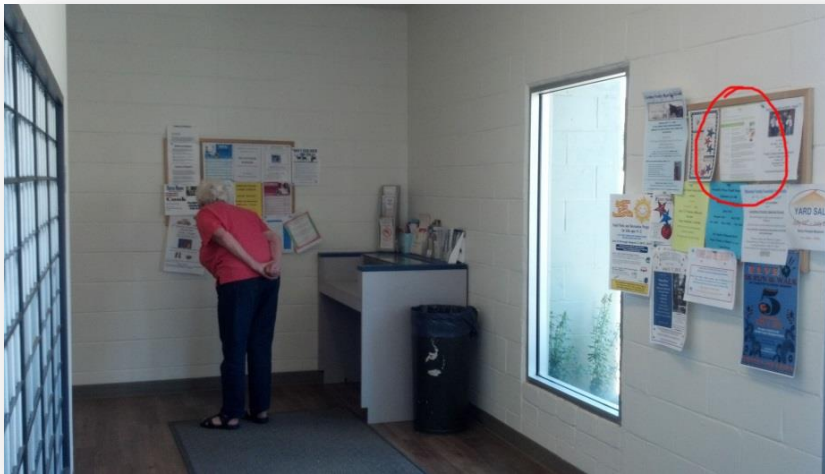
**HOMETOWN PAINT**  
1737 W Cascade Avenue  
Hood River, OR 97031  
(541) 386-3773

**TRI-COUNTY HHW**  
HOOD RIVER  
3440 Gaspard Drive  
Hood River, OR 97031  
3<sup>rd</sup> Saturday of month 9 am - 2 pm  
(541) 506-2624

  
[www.paintcare.org](http://www.paintcare.org)

## Miscellaneous

- PaintCare’s Oregon manager started a monthly email newsletter to keep retailers informed about the program. These are available on the Oregon section of the PaintCare website.
- This year, PaintCare rural paint collection events were successfully promoted using flyers sent to local government and waste management coordinators; flyers were posted throughout each town.



PaintCare flyers were posted throughout Fossil, Enterprise and Lakeview; this photo shows the flyer at the Fossil post office.

## Activities Postponed

In the 2012 Annual Report, PaintCare indicated that it would do the following three things; however they were not completed during the report period. These activities have been postponed to the fall of 2013.

- A “program highlights” factsheet was to be sent to all retailers to reeducate and reengage them in the program. PaintCare postponed this project until it was certain the program was to become permanent. PaintCare will proceed with this project in the fall. This factsheet will be sent to all 550 paint retailers in the state, along with packets of new trifold brochures and other materials.
- Website redesign: The PaintCare website has undergone modest changes in this reporting period to incorporate the new site locator tool and PaintCare’s new brand. The site is still undergoing a major redesign and will be revamped to be more user-friendly. It will be completed by the end of 2013.
- Targeted outreach to real estate agents, banks, foreclosure specialists and property managers: Again, new outreach was postponed pending the outcome of the legislative process to make the paint stewardship program permanent. Outreach to these groups is now scheduled for the fall and will be used to promote the Large Volume Pick-Up Service for those with more than 300 gallons of program products.

## B. Focus Group with Paint Retailers

In April 2013 PaintCare conducted a focus group meeting with Oregon retailers to ask them about operations and outreach materials that had been used as well as their opinions on new brochures and other materials in development for fall 2013. Issues raised during the meeting and the way that PaintCare will address these issues are listed here:

- Retailers use the list of program products to tell people what they can drop off. The back of the new brochure provides a convenient and easy to read presentation of the list.
- A common question from customers is whether the stores accept all brands or just the brands that they sell. This will be highlighted in new materials.
- After the first year of the program, retailers saw a sharp drop in complaints about the PaintCare Recovery Fees. The new program poster will emphasize the list of program product list above the fees.
- The poster “recycle your paint here” is misleading when it is on the door of a collection site because when the store is closed, people may drop off the paint outside (in front of the sign). The poster will be changed to include a statement to bring your paint inside during store hours only.
- The paint estimation poster (with the paint calculator matrix) was not useful. Retailers preferred that customers ask them for assistance in purchasing the proper amount of paint. This poster will no longer be used.
- Other languages: Retailers requested that materials be translated into Spanish and Russian. The new trifold consumer brochure that is being distributed in the fall has been translated into Spanish and Russian.
- Generally, participants liked the new PaintCare brand more than the old look. Future brochures, factsheets and posters will incorporate the new brand. A new consumer trifold brochure will include a more comprehensive description of the program. A new mini-card provides stores with a quick way to provide the public with the website and phone number to find a drop-off location or reach PaintCare to ask questions.

Original Counter Card



New Trifold Brochure and Mini-Card



### C. Paint Survey

PaintCare carried out a survey of Oregon residents in 2011 and 2012. In accordance with the Program Plan, the previous survey included questions about awareness of the fees. The previous surveys were identical. The survey population was selected based on those who recently purchased paint and their awareness of paint drop-off sites, fees, and PaintCare.

This reporting year, a new survey was conducted. The audience of the June 2013 survey was the full population of Oregon, not just paint purchasers because PaintCare knows that even those who do not purchase paint or have not purchased paint recently could have old, unwanted paint in their home. Questions in the 2013 survey focused on how much paint people have been storing in their homes, how it got there and whether they know what to do with it when they don't want it anymore, regardless of whether they purchase paint, know of the paint stewardship program in general or have heard of the PaintCare organization in particular. PaintCare intends to use the new survey for the next few years to see how the amount of unwanted paint stored in homes changes and if people know what to do with it.

The complete survey is included in Appendix D. Here are highlights of 2013 survey results:

- Most people have leftover paint in their home: 59% have 1-5 gallons; 28% have 5-15 gallons
- Leftovers are 81% from DIY projects, 27% left behind by painting contractors, and 23% left behind by previous occupants
- Of those storing paint, 77% intend to use it, and 23% don't know what to do with it
- To get rid of paint in the past, 46% have taken it to a HHW program or retailer, 25% dried it out, 10% gave it away, 6% have improperly disposed of it (down the drain or put liquid paint in the trash)
- The next time, 77% would take it to a HHW program or paint store, 18% would dry it out, 17% would give it away, 4% would put liquid paint in the trash
- 64% knew that paint can be recycled
- 53% said they don't know where to take leftover paint; an equal number said they have not taken leftover paint anywhere in the past two years
- On average, people are willing to drive about twice as far to get rid of paint than it is to their nearest paint store
- 2.4% of the respondents (3 of 124) were aware of the PaintCare Program by name

## SECTION VIII. Analysis of the Environmental Costs and Benefits of Collecting and Recycling Latex Paint

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The Life Cycle Assessment of environmental costs and benefits was completed in 2011. Please refer to the 2011 PaintCare Annual Report for the study and results.

## Appendix A

**DATE** August 28, 2013**PROJECT No.** 1214410013-001-TM-Rev0**TO** PaintCare Inc.**FROM** Aaron Licker**EMAIL** Aaron\_Licker@Golder.com**TECHNICAL MEMO TO PAINTCARE: GIS METHOD USED TO CALCULATE THE POPULATION  
COVERAGE OF THE PAINTCARE SERVICE LOCATIONS IN OREGON**

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All PaintCare service location addresses were mapped and a service area with a 15-mile radius surrounding each location was calculated using ESRI's ArcMap 10 GIS program. Population data for 2011 were downloaded directly from the US Census Bureau for both Census Blocks (the smallest unit for which census data is available) and Cities, Towns & Census Designated Places (CDPs).

An overlay analysis was conducted to calculate the percentage of the population living in each census block that resides within at least one 15-mile service area in each of the four PaintCare project phases. The block level population coverage calculations were then aggregated to describe both state and county level population coverages. Additionally, a similar overlay analysis was conducted to calculate the percentage of the population of all Cities, Towns and CDPs within at least one 15-mile service area in each of the four PaintCare project phases. To show State-wide coverage for each project phase, results were summarized in both tabular and cartographic formats.

**GOLDER ASSOCIATES LTD.****ORIGINAL SIGNED**

Anthony Smith, B.A. (Hons)  
GIS Analyst and Cartographer

AS/AL/eb

**ORIGINAL SIGNED**

Aaron Licker, B.A., Adv. Dipl. Tech. GIS  
GIS Specialist

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## Appendix B

**PaintCare, Inc.**

Financial Statements  
and Independent Auditors' Report

June 30, 2013 and 2012

**PaintCare, Inc.**

Financial Statements  
June 30, 2013 and 2012

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
PaintCare, Inc.

We have audited the accompanying financial statements of PaintCare, Inc. ("PaintCare"), which comprise the statement of financial position as of June 30, 2013, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PaintCare as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

The financial statements of PaintCare as of June 30, 2012, were audited by other auditors whose report, dated August 29, 2012, expressed an unqualified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information for the year ended June 30, 2012 on page 14 was subjected to the auditing procedures applied in the audit of the basic financial statements by other independent auditors, whose report, dated August 29, 2012, indicated that such information is fairly stated in all material respects to the basic statements as a whole.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia  
August 30, 2013

**PaintCare, Inc.**

Statements of Financial Position  
June 30, 2013 and 2012

	2013	2012
<b>Assets</b>		
Current assets:		
Cash	\$ 12,050,629	\$ 2,237,245
Accounts receivable, net	4,381,509	478,283
Prepaid expenses	112,904	-
	<hr/>	<hr/>
Total current assets	16,545,042	2,715,528
	<hr/>	<hr/>
Property and equipment, net	42,751	-
	<hr/>	<hr/>
Total assets	<u>\$ 16,587,793</u>	<u>\$ 2,715,528</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,677,145	\$ 585,495
Due to affiliate	281,970	957,933
	<hr/>	<hr/>
Total current liabilities	2,959,115	1,543,428
	<hr/>	<hr/>
Long-term debt:		
Notes payable	3,220,000	1,445,000
Accrued interest	122,340	8,670
	<hr/>	<hr/>
Total long-term debt	3,342,340	1,453,670
	<hr/>	<hr/>
Total liabilities	6,301,455	2,997,098
	<hr/>	<hr/>
<b>Net Assets (Deficit)</b>		
Unrestricted	10,286,338	(281,570)
	<hr/>	<hr/>
Total net assets (deficit)	10,286,338	(281,570)
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 16,587,793</u>	<u>\$ 2,715,528</u>

*See accompanying notes.*

**PaintCare, Inc.**

Statements of Activities  
For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Operating Revenue and Support</b>		
Paint recovery fees	\$ 24,121,770	\$ 4,163,922
Royalty income	-	20,745
Interest income	3,374	-
Other income	-	62,404
	<hr/>	<hr/>
Total operating revenue and support	24,125,144	4,247,071
	<hr/>	<hr/>
<b>Expenses</b>		
Program services:		
Oregon	3,675,662	3,587,798
California	8,159,652	524,329
Connecticut	279,082	5,671
Rhode Island	16,533	-
	<hr/>	<hr/>
Total program services	12,130,929	4,117,798
	<hr/>	<hr/>
General and administrative	1,426,307	670,754
	<hr/>	<hr/>
Total expenses	13,557,236	4,788,552
	<hr/>	<hr/>
<b>Change in Net Assets (Deficit)</b>	10,567,908	(541,481)
	<hr/>	<hr/>
<b>Net (Deficit) Assets, beginning of year</b>	(281,570)	259,911
	<hr/>	<hr/>
<b>Net Assets (Deficit), end of year</b>	\$ 10,286,338	\$ (281,570)
	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes.*

**PaintCare, Inc.**

Statements of Cash Flows  
For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 10,567,908	\$ (541,481)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,974	-
Allowance for doubtful accounts receivable	22,255	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,925,481)	26,480
Prepaid expenses	(112,904)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	2,091,650	151,043
Due to affiliate	(675,963)	712,112
Accrued interest	113,670	8,670
Net cash provided by operating activities	<u>8,084,109</u>	<u>356,824</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	<u>(45,725)</u>	<u>-</u>
Net cash used in investing activities	<u>(45,725)</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes payable	<u>1,775,000</u>	<u>1,445,000</u>
Net cash provided by financing activities	<u>1,775,000</u>	<u>1,445,000</u>
<b>Net Increase in Cash</b>	9,813,384	1,801,824
<b>Cash, beginning of year</b>	<u>2,237,245</u>	<u>435,421</u>
<b>Cash, end of year</b>	<u><u>\$ 12,050,629</u></u>	<u><u>\$ 2,237,245</u></u>

*See accompanying notes.*

## **PaintCare, Inc.**

### **Notes to Financial Statements June 30, 2013 and 2012**

#### **1. Nature of Operations**

PaintCare, Inc. (“PaintCare”), a not-for-profit 501(c)(3) organization, was created in October 2009 by the American Coating Association (ACA), who, working with state and local government stakeholders, passed the first ever paint product stewardship law in the United States in the state of Oregon in 2009 with implementation of the Oregon Program beginning July 1, 2010. Similar legislation has subsequently been passed in other states. The legislation pilots an industry-led, end-of-life management program for post-consumer paint, which PaintCare operates. The PaintCare Board is made up of architectural paint manufacturers and participation in PaintCare is not limited to ACA members, but open to all architectural paint manufacturers. There are no dues or registration fees associated with PaintCare.

#### **2. Summary of Significant Accounting Policies**

##### Basis of Accounting and Presentation

PaintCare’s financial statements are prepared on the accrual basis of accounting and are in accordance with generally accepted accounting principles for not-for-profit organizations. Unrestricted net assets represent funds that are not subject to donor-imposed stipulations and are available for support of PaintCare’s operations. There were no temporarily or permanently restricted net assets as of June 30, 2013 and 2012.

##### Accounts Receivable

Accounts receivable are recorded at net realizable value and represent amounts due from post-consumer paint recovery fees. PaintCare provides an allowance for bad debts using the allowance method, which is based on management’s judgment considering historical information. Accounts are individually analyzed for collectability, and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At June 30, 2013 and 2012, an allowance of \$22,255 and \$0, respectively, was recognized.

##### Property and Equipment

Property and equipment with a projected useful life ranging from three to ten years and in excess of \$1,000 are capitalized and recorded at cost. Depreciation is computed using the straight line method over the estimated useful lives of the individual assets, ranging from three to ten years.

## PaintCare, Inc.

### Notes to Financial Statements June 30, 2013 and 2012

## 2. Summary of Significant Accounting Policies (continued)

### Communication Costs

PaintCare holds communication-related contracts for advertising, marketing, and consumer awareness. Communications costs are charged to operations when incurred. Communications expenses were \$2,695,738 and \$368,033 for the years ended June 30, 2013 and 2012, respectively.

### Revenue Recognition

PaintCare recognizes revenue from post-consumer paint recovery fees at the time architectural paint product is sold by a manufacturer participant of the paint product stewardship program. Manufacturer participants in the program pay the PaintCare recovery fee to PaintCare based on the amount of program products they sell on a monthly basis.

Program participants report their monthly unit sales of paint through a secure, HTTPS online system using their unique user ID and password. The participant must pay a paint recovery fee per unit sold according to the following fee schedule:

1/2 pint container or less		No charge
Greater than 1/2 pint to less than 1 gallon	\$	0.35
1 gallon	\$	0.75
Greater than 1 gallon to 5 gallons	\$	1.60

As the PaintCare recovery fee is added to the wholesale price of paint and passed through uniformly to the retail purchase price of paint—so that the manufacturer, distributor, and/or retailer is made whole—in some cases, distributors or retailers have elected to undertake the obligation of the manufacturer for these fees. Thus, PaintCare has allowed remitter agreements in the program, whereby a distributor or retailer reports and remits directly to PaintCare on behalf of a participant manufacturer's brand or brands. Reports and payment are due by the end of the month following the reporting period.

Revenue from all other sources is recognized when earned.

### Functional Allocation of Expenses

The costs of providing the various program and supporting activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## PaintCare, Inc.

### Notes to Financial Statements June 30, 2013 and 2012

#### 2. Summary of Significant Accounting Policies (continued)

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation. None of these reclassifications, however, affected the prior year change in net assets.

#### 3. Concentration of Credit Risk

Financial instruments that potentially subject PaintCare to significant concentrations of credit risk consist of cash. PaintCare maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, may exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). PaintCare has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

#### 4. Accounts Receivable

Accounts receivable related to the following programs was due as follows at June 30:

	2013	2012
California	\$ 3,907,788	\$ -
Oregon	495,976	478,283
Accounts receivable	4,403,764	478,283
Less: allowance for doubtful accounts	(22,255)	-
Total accounts receivable, net	\$ 4,381,509	\$ 478,283

# **PaintCare, Inc.**

## Notes to Financial Statements June 30, 2013 and 2012

### **5. Property and Equipment**

PaintCare held the following property and equipment at June 30:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 21,175	\$ -
Software	24,550	-
	<hr/>	<hr/>
Total property and equipment	45,725	-
Less: accumulated depreciation	(2,974)	-
	<hr/>	<hr/>
Property and equipment, net	<u>\$ 42,751</u>	<u>\$ -</u>

### **6. Notes Payable**

PaintCare has entered into promissory notes payable with member companies in order to fund start-up costs incurred in connection with expanding their paint recovery fee program into new states. Notes payable consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Notes payable, accruing interest at 3.6%, unsecured, with principal and interest due April 30, 2015 to:		
PPG Industries, Inc.	\$ 900,000	\$ 900,000
The Valspar Corporation	500,000	-
The Sherwin Williams Company	400,000	-
Behr Process Corporation	350,000	-
RPM International, Inc.	350,000	-
BASF Corporation	125,000	125,000
Bway Corporation	125,000	125,000
The Dow Chemical Company	125,000	-
Vogel Paint, Inc.	100,000	100,000
Dunn-Edwards Corporation	75,000	75,000
Kelly-Moore Paint Co., Inc.	75,000	75,000
Quest Specialty Chemicals, Inc.	50,000	-
Jones Blair Company	25,000	25,000
Aexcel Corporation	20,000	20,000
	<hr/>	<hr/>
Total long-term notes payable	<u>\$ 3,220,000</u>	<u>\$ 1,445,000</u>

## PaintCare, Inc.

### Notes to Financial Statements June 30, 2013 and 2012

#### 6. Notes Payable (continued)

Each of the above notes was negotiated at different times during 2012 and 2013 with an interest rate of 3.6% per annum. The principal payments due on the notes payable, in the aggregate, are as follows for the years ending June 30:

2013	\$	-
2014		-
2015		<u>3,220,000</u>
Total	\$	<u><u>3,220,000</u></u>

#### 7. Related Party

American Coatings Association (ACA), a related party, is a separate, 501(c)(6) nonprofit organization working to advance the needs of the paint and coatings industry and the professionals who work in it. Through advocacy of the industry and its positions on legislative, regulatory, and judicial issues at the federal, state, and local levels, it acts as an effective ally, ensuring that the industry is represented and fairly considered. ACA also devotes itself to advancing industry efforts with regard to product stewardship, through its signature Coating Care<sup>®</sup> resources, and focuses on advancements in science and technology through its technical conferences and journals, as well as online training opportunities. ACA incorporated PaintCare for the sole purpose of implementing programs for post-consumer architectural paint. ACA maintains a controlling interest in PaintCare through the ability to appoint its Board of Directors.

In February 2011, ACA and PaintCare entered into an affiliation agreement whereby ACA provides staffing, an office, office equipment and furniture, supplies, and other administrative support services. The term of the agreement is for one year and automatically renews for one-year terms unless canceled by either party.

For the years ended June 30, 2013 and 2012, total administrative fees charged by ACA to PaintCare were \$390,988 and \$113,200, respectively. For the years ended June 30, 2013 and 2012, ACA charged \$0 and \$22,900, respectively, to PaintCare for direct program expenses. At June 30, 2013 and 2012, PaintCare owed ACA \$281,970 and \$957,933, respectively, which is included in due to affiliate in the accompanying statements of financial position.

## **PaintCare, Inc.**

### **Notes to Financial Statements June 30, 2013 and 2012**

#### **8. PCA Paint Stewardship, Inc.**

Product Care Association (PCA) is a Canadian nonprofit industry association that manages product stewardship programs for household hazardous and special waste on behalf of its members across Canada. PCA incorporated PCA Paint Stewardship, Inc. (PCA-USA) as a nonprofit organization in order to expand its work in managing product stewardship programs into the United States. PCA is the sole member of PCA-USA.

On April 1, 2010, PaintCare entered into an agreement with PCA-USA for the purpose of providing administrative and operational support for the Oregon Architectural Paint Stewardship Pilot Program. The agreement commenced on April 1, 2010 and was scheduled to terminate on June 30, 2014, calling for a monthly management fee of \$16,667. Effective April 1, 2013, the terms of the agreement were amended as PCA-USA transitioned the majority of the administrative and operational activities to PaintCare. The amendment moved up the termination date to December 31, 2013 and decreased the monthly management fee to \$5,556. For the years ended June 30, 2013 and 2012, management service fees under this agreement totaled \$190,080 and \$200,000, respectively.

In addition to the contract described in the preceding paragraph, PCA-USA contracts with independent subcontractors to perform the collection, transportation, processing, and recycling services of post-consumer paint at pre-determined rate schedules. Contracts with the two largest subcontractors extend through December 31, 2013 with one-year renewal options. PCA-USA invoices PaintCare on a monthly basis to recover the payments made by PCA-USA to the subcontractors. Expenses related to the subcontractor activity are recorded in program and delivery expenses. For the years ended June 30, 2013 and 2012, expenses related to the subcontractor activity were \$3,068,041 and \$2,832,126, respectively.

#### **9. Income Taxes**

PaintCare is recognized as a tax-exempt organization under IRC §501(c)(3), and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements for PaintCare, as there was no unrelated business taxable income. Contributions to PaintCare are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated PaintCare's tax positions, and concluded that PaintCare's financial statements do not include any uncertain tax positions.

## **PaintCare, Inc.**

### Notes to Financial Statements June 30, 2013 and 2012

#### **10. Subsequent Events**

PaintCare follows the guidance of FASB ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. FASB ASC 855 also requires disclosure of the date through which an entity has evaluated subsequent events. In preparing these financial statements, PaintCare has evaluated events and transactions for potential recognition or disclosure through August 30, 2013, the date the financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

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**PaintCare, Inc.**

Schedule of Activities, Organized by Program  
For the Year Ended June 30, 2013

	Oregon	California	Connecticut	Rhode Island	Minnesota	General and Administrative	Total
<b>Operating Revenue and Support</b>							
Paint recovery fees	\$ 4,055,200	\$ 20,066,570	\$ -	\$ -	\$ -	\$ -	\$ 24,121,770
Interest income	-	-	-	-	-	3,374	3,374
<b>Total operating revenue and support</b>	<b>4,055,200</b>	<b>20,066,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,374</b>	<b>24,125,144</b>
<b>Expenses</b>							
Program and delivery:							
Transportation and processing	3,066,875	4,140,248	-	-	-	-	7,207,123
Communication	275,340	2,374,681	42,430	3,287	-	-	2,695,738
Legal fees	9,292	333,852	79,168	11,667	-	-	433,979
State agency administrative fees	10,000	372,032	-	-	-	-	382,032
Collection support	1,166	513,353	44,190	-	-	-	558,709
Other program expenses	312,989	425,486	113,294	1,579	-	-	853,348
<b>Total program and delivery</b>	<b>3,675,662</b>	<b>8,159,652</b>	<b>279,082</b>	<b>16,533</b>	<b>-</b>	<b>-</b>	<b>12,130,929</b>
Administrative:							
Legal fees	-	-	-	-	-	66,725	66,725
Administrative fees	-	-	-	-	-	390,988	390,988
Insurance	-	-	-	-	-	59,377	59,377
Interest expense	-	-	-	-	-	113,670	113,670
Other expense	-	-	-	-	-	795,547	795,547
<b>Total administrative</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,426,307</b>	<b>1,426,307</b>
<b>Total expenses</b>	<b>3,675,662</b>	<b>8,159,652</b>	<b>279,082</b>	<b>16,533</b>	<b>-</b>	<b>1,426,307</b>	<b>13,557,236</b>
<b>Change in Unrestricted Net Assets (Deficit) Before Allocation of General and Administrative Activities</b>	<b>379,538</b>	<b>11,906,918</b>	<b>(279,082)</b>	<b>(16,533)</b>	<b>-</b>	<b>(1,422,933)</b>	<b>10,567,908</b>
<b>Allocation of General and Administrative Activities</b>	<b>(119,006)</b>	<b>(1,154,644)</b>	<b>(110,506)</b>	<b>(32,584)</b>	<b>(6,193)</b>	<b>1,422,933</b>	<b>-</b>
<b>Total Change in Net Assets (Deficit)</b>	<b>260,532</b>	<b>10,752,274</b>	<b>(389,588)</b>	<b>(49,117)</b>	<b>(6,193)</b>	<b>-</b>	<b>10,567,908</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>684,420</b>	<b>(859,706)</b>	<b>(106,284)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(281,570)</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ 944,952</b>	<b>\$ 9,892,568</b>	<b>\$ (495,872)</b>	<b>\$ (49,117)</b>	<b>\$ (6,193)</b>	<b>\$ -</b>	<b>\$ 10,286,338</b>

**PaintCare, Inc.**

Schedule of Activities, Organized by Program  
For the Year Ended June 30, 2012

	Oregon	California	Connecticut	General and Administrative	Total
<b>Operating Revenue and Support</b>					
Paint recovery fees	\$ 4,163,922	\$ -	\$ -	\$ -	\$ 4,163,922
Royalty income	20,745	-	-	-	20,745
Other income	62,404	-	-	-	62,404
<b>Total operating revenue and support</b>	<b>4,247,071</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,247,071</b>
<b>Expenses</b>					
Program and delivery:					
Transportation and processing	2,831,356	-	-	-	2,831,356
Communication	303,724	64,309	-	-	368,033
Legal fees	-	196,512	-	-	196,512
State agency administrative fees	10,000	-	-	-	10,000
Collection support	770	-	-	-	770
Other program expenses	441,948	263,508	5,671	-	711,127
<b>Total program and delivery</b>	<b>3,587,798</b>	<b>524,329</b>	<b>5,671</b>	<b>-</b>	<b>4,117,798</b>
Administrative:					
Salaries and related benefits	-	-	-	204,159	204,159
Legal fees	-	-	-	203,665	203,665
Administrative fees	-	-	-	113,200	113,200
Insurance	-	-	-	43,928	43,928
Interest expense	-	-	-	8,670	8,670
Other expense	-	-	-	97,132	97,132
<b>Total administrative</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>670,754</b>	<b>670,754</b>
<b>Total expenses</b>	<b>3,587,798</b>	<b>524,329</b>	<b>5,671</b>	<b>670,754</b>	<b>4,788,552</b>
<b>Change in Unrestricted Net Assets (Deficit)</b>					
<b>Before Allocation of General and Administrative Activities</b>	659,273	(524,329)	(5,671)	(670,754)	(541,481)
<b>Allocation of General and Administrative Activities</b>	(234,764)	(335,377)	(100,613)	670,754	-
<b>Total Change in Net Assets (Deficit)</b>	424,509	(859,706)	(106,284)	-	(541,481)
<b>Net Assets, beginning of year</b>	259,911	-	-	-	259,911
<b>Net Assets (Deficit), end of year</b>	\$ 684,420	\$ (859,706)	\$ (106,284)	\$ -	\$ (281,570)

## Appendix C

## Summary of Outreach Activities conducted by Bradshaw Advertising for PaintCare in Oregon

July 1, 2012 – June 30-2013

### 1. Press Releases

Bradshaw Advertising distributed three press releases for PaintCare during this reporting period resulting in media coverage as follows:

Topic	Release Date	Coverage Thru	TV	Radio	Newspaper	Online
Annual Report Year 2	9/12	10/31	2	4	14	8
Earth Day	4/1	6/20	1	1	4	6
Collection Events	5/9	6/30	0	0	1	8

### TV Coverage

9/14/12 KPTV-Fox, Good Day Oregon, "Paint Recycling Program Expanding Out of Oregon" (2 times)  
4/17/13 KMTR-Eugene, "Recycle Used Paint: Celebrate Earth Day"

### Radio Coverage

9/24/12 KEX-AM "Paint Recycling Program" (4 times)  
5/31/13 KLCC "Hazardous Waste Requires Special Care"

### Newspaper and Magazine with PaintCare Coverage

- Baker City Herald
- Blue Mountain (John Day)
- Cascade Business News
- Corvallis Gazette Times
- Creswell Chronicle
- Daily Astorian
- Dalles Chronicle
- Democrat Herald (Albany)
- Lake County Examiner
- News Register
- Observer (La Grande)
- Paint and Coating Industry Magazine
- Port Orford News
- Portland Daily Journal of Commerce
- Portland Tribune
- Register Guard
- Statesman Journal
- The Chronicle (St. Helens)
- Times Herald (Burns)

Three sample articles are shown here:

**Paint recycling program finds success in Columbia County**

The annual report for Oregon's paint stewardship program for PaintCare, a Portland-based non-profit organization established by the American Coatings Association, shows a 30 percent increase in the paint recycling program's second year.

More than 600,000 gallons of leftovers were collected during the second year. The program has collected more than 1 million gallons of leftover paint throughout Oregon since the program began in July 2010.

Of those, 173,632 gallons were collected in the past year outside of the Portland metro area, and more than 2,000 gallons were collected in Columbia County from two collection sites: Columbia County on Railroad Avenue in St. Helens and Vernonia Hardware and Supply on Bridge Street in Vernonia.

The report reveals that the pilot program, the first of its kind in the U.S., has shown significant increases in both the collection of latex and alkyd (oil-based) paint as well as the public's general awareness of the program.

In its second year, PaintCare set up 11 new drop-off sites to improve the convenience for both residents and businesses with paint to recycle. There are now a total of 102 drop-off sites in Oregon, and 94 percent of all Oregonians live within 15 miles of a PaintCare drop-off site, an increase from 65 percent at the start of the PaintCare program.

Paint retailers make up 70 percent of the drop-off sites; the other 30 percent are government-run household hazardous waste facilities, solid waste facilities, and ReStores.

**Miller's, Thatcher's help with paint stewardship**

Two La Grande retailers are doing their bit to help make Oregon's Paint Stewardship Program a success, according to a report from PaintCare, the program's operator.

PaintCare said that statewide the program has collected over 600,000 gallons of leftover paint during its second year. Since it began in July 2010, it has collected over one million gallons.

In the past year, 173,600 gallons have been collected outside the Portland metropolitan area. In Union County, over 500 gallons have been taken in at the collection sites at Miller Home Center and Thatcher's Ace Hardware in La Grande.

The Oregon pilot program, in which people may get rid of their leftover paint free of charge, is the first of its kind in the United States and has shown significant increases in the collection of latex and alkyd (oil based) paints.

There are a total of 102 drop-off sites in Oregon. Paint retailers like Miller's and Thatcher's make up 70 percent of the sites. The remainder are government run household hazardous waste facilities, solid waste facilities and ReStores.

PaintCare is a nonprofit organization that implements Paint Stewardship Programs in states that pass stewardship laws.

— From staff reports

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recycled drop-offs by local citizens and looked through to ensure that no solvents are dropped off. Dumilieu would like to see a program that would take solvents and other waste products brought to Lake County in the near future, but there are currently none in place at this time.

This year, the amount collected totaled around 1,250 lbs of mixed paint, which was nearly the same as last year.

"It was a very good turnout," said Dumilieu.

**Paintcare Recycling collects 8,250 lbs**

By Anthony Burrola  
Lake County Examiner

Lake County Landfill Mgr. Rick Dumilieu oversaw the Paint Care Recycling program that took place at the Lake County Road Department Shops on Saturday, June 8, from 9 a.m. to 2 p.m. The program is brought to Lakeview every year and the visiting recycling company works hand-in-hand with the County to get the word out. Programs of this nature, according to Dumilieu, typically require a population of 25,000 to be successful. Though Lake County's population is barely a third of that at best, the County does its best to make sure that citizens are able to do something with their old paint. They also do their best to make sure the program is a success and that the citizens take advantage of it as they start advertising for the event a full two months in advance.

The paint outfit, which takes in old paint that people no longer want, need, or use, and split it into two categories: good and bad paint. The good paint is used, recycled, and blended. After it goes through that process, it goes to big paint stores who then sell it at half the price. Bad latex, on the other hand, goes to cement factories and is not redistributed to the public. Employees from Paint Stewardship Inc., Eric Perkins and Paul Bourland, in addition to Dumilieu oversaw the

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## 2. Radio Advertising

Bradshaw produced and aired two different English radio ads for PaintCare during the report period. The Summer 2012 radio ad about buying the correct amount of paint and ran for six weeks starting in mid-August. A Spring 2013 radio ad featuring a couple talking about cleaning out paint from their garage was produced and aired April – June 2013

- *English Radio Script, Summer 2012.* “You want dayglo. She wants earthtones. You like semi-gloss. She’s thinking satin. PaintCare reminds you that while deciding on the right paint is never easy, choosing the right amount is. By using a paint calculator, pre-measuring the space to be painted and getting help from your local paint retailer will save money, avoid storage hassles and help protect the environment. Especially from dayglo orange. For more information on how to buy right, reuse and recycle, visit [paintcare.org](http://paintcare.org).”
- *English Radio Script, Spring 2013.* Female: “Hey, what’s our plan for that old paint in the garage? I want to organize that space.” Male: “Umm, I heard that we can recycle it.” Female: “There’s some place that takes it back?” Male: “Yeah, actually there are more than a hundred places in Oregon.” Announcer: “Did you know that you can recycle your paint? A small fee added to the price of new paint funds paint drop-off sites throughout Oregon. To find a site or learn more, visit [paintcare.org](http://paintcare.org). Buy right, use it up, recycle the rest -- with PaintCare.”

<b>Market</b>	<b>Station</b>	<b>Summer 2012</b>	<b>Spring 2013</b>
Astoria	KAST-AM	17	143
Baker City	KBKR-AM	17	143
Bend	KBND-AM	17	143
Coos Bay	KWRO-AM	17	143
Corvallis	KLOO-AM	17	143
Enterprise	KWVR-AM	17	143
Eugene	KPNW-AM	17	143
Klamath Falls	KFLS-AM	17	143
La Grande	KLBM-AM	17	143
Lincoln City	KNPT-AM	17	143
Medford	KMED	17	
Medford	KCMX-AM		143
Newport	KNPT-AM	17	143
Pendleton	KUMA-AM	17	143
Portland	KXL	84	176
Portland	KWJJ	224	170
Portland	KINK	84	187
Portland	KRSK	162	60
Portland	KGON	162	60
Portland	KFXX	162	60
Portland	KYCH	162	63
Portland	KNRK	162	60
Roseburg	KQEN-AM	17	143
Sweet Home	KFIR-AM		143
Tillamook	KMBD-AM	17	143
The Dalles	KACI-AM	17	143
Total airings		1,474	3,124

PaintCare targeted three additional radio audiences in the Spring:

- **Spanish.** An ad was produced and developed for 8 Spanish language radio stations. The ads were aired during one week in each month April-June.

*Spanish Radio Script. (March 2013) "El resto de pintura ocupan mucho espacio? Úselos repintando una pared, reparando esos espacios faltantes, en un área diferente en su casa; o recicle la pintura sobrante en un sitio de recolección. Es fácil y bueno para el medio ambiente. Para un sitio de recolección cerca de usted, visite [paintcare.org](http://paintcare.org)"*

<b>Spanish Market</b>		<b>April</b>	<b>May</b>	<b>June</b>
Bend	KRDM	50	50	50
Medford	KRTA	30	30	30
Portland	KGDD	30	30	30
Portland	KZZR	30	30	30
Portland	KWIP	30	30	30
Salem/Woodburn	DSND	30	30	30
Salem Woodburn	KWBY	30	30	30
Total airings		248	248	248

- **Public Radio.** PaintCare also started running sponsorship messages on **Public Radio** in April.

*Public Radio Message. "Our listeners support Oregon Public Radio and so does PaintCare, now with more than 100 drop off locations in Oregon where residents and businesses can recycle their leftover paint. Online at [PaintCare dot org](http://PaintCare dot org)"*

<b>Public Radio</b>		<b>Spring 2013</b>
Portland (statewide)	KOPB	33
Total airings		33

- **Drop-Off Events:** Local rural radio stations were used to promote rural "paint only" drop off events.

*Radio Script for Rural Events. "(Are you) Wondering how to get rid of all that old paint around the house? Well now's your chance. The Oregon PaintCare Program is holding a special drop-off event in <city> on Saturday <date> between nine and two at the <name of location> at <address>. Bring any house paints, stains, shellac or varnish but not paint thinner or other household chemicals. Most small businesses can use the program too. For more details visit [paintcare dot org slash <city>](http://paintcare dot org slash <city>)."*

<b>Rural Drop-Off Events</b>		<b>May/June 2013</b>
Lakeview	KORV	200
Enterprise	KWVR	200
Fossil	KWCQ	207
Total airings		607

Bradshaw placed a total of 175 newspaper ads for PaintCare. Each drop off site was promoted in the newspaper at least five times during the report period. Below are samples the ads used in for each campaign.



In September 2012 PaintCare ran the ad *Overwhelmed with Leftovers?* in 35 newspapers; the ads explained to readers how the program works and provided the location of paint drop-off sites in or near the newspaper's market area.

In November 2012 PaintCare ran the ad *Thank You!* in 35 newspapers; the ads coincided with the Thanksgiving holiday and listed the nearby drop-off sites.

In April, May and June, PaintCare ran the ad *Recycle Your Paint!* in the same 35 newspapers three times each; the ads listed the nearby drop-off sites. For this series, PaintCare shifted to a schedule of placing ads once a month throughout the year, rather than running weekly for five consecutive weeks in the Spring and Fall.

Argus Observer  
Baker City Herald  
Bend Bulletin  
Burns Times Herald  
Community Newspapers –  
Sustainable Life  
Corvallis Gazette Times  
Curry County Reporter  
Curry Pilot  
Daily Astorian  
Democrat Herald (Albany)  
East Oregonian

Eugene Register Guard  
Grants Pass Daily Courier  
Heppner Gazette Times  
Hood River News  
John Day Eagle  
Klamath Falls Herald & News  
La Grande Observer  
Lincoln City News Guard  
Medford Mail Tribune  
Newberg Graphic  
Newport News Times  
North Coast Citizen

North Morrow Times  
Roseburg News Review  
Salem Statesman Journal  
South County Spotlight  
The Dalles Chronicle  
The Madras Pioneer  
The Oregonian  
The World  
Tillamook County Shopper  
Tillamook Headlight Herald  
Vernonia Voice  
Yamhill Valley News-Register

The Hermiston Drop off event in September 2012 was promoted using the “Overwhelmed with Leftovers?” ad that ran in the Hermiston Herald once a week in the four weeks prior to the event.

### 3. Distribution of Flyers

#### Spring Drop-Off Events

In addition to being promoted as described above using press releases and on local rural radio stations, the Lakeview, Fossil and Enterprise events in June 2013 were promoted using printed flyers (shown below) which were distributed to local recycling departments, community groups, and government employees. The flyers were also sent via email and posted on the PaintCare's website.



## Appendix D

## Oregon Paint Usage & Disposal

Online survey conducted using SurveyMonkey - June 13, 2013

### 1. Do you currently have any leftover paint in your home? If yes, how much? (124 Responses)

None	3.2%	4
Less than 1 gallon	7.3%	9
1-5 gallons (would fit in a cardboard box)	58.9%	73
5-15 gallons (would fit in a shopping cart)	28.2%	35
15-30 gallons (would fit in two shopping carts)	0.8%	1
More than 30 gallons	0.0%	0
Yes, but I don't know how much	1.6%	2

### 2. Where did the paint come from? (check all that apply) (124 Responses)

I did some painting myself and had some leftover	80.6%	100
I hired someone to paint and they left it behind.	27.4%	34
I found it in my home/business when I moved in	22.6%	28
I am a painting contractor and it is from one of my jobs	0.0%	0
Other	5.6%	7
Total (exceeds 124 due to multiple answers)		169

#### Responses to Other for Question 2

1. left over paint given to me to paint garage door
2. Some myself and some from contractor
3. some from painting myself, some from someone I hired
4. Bought some at ReStore
5. I don't have any left over paint
6. It was in the house when I bought it.
7. I have no paint

### 3. What did you do with leftover paint from your past painting projects? (124 Responses)

Poured it down the drain	0.8%	1
Put can(s) of liquid paint in the trash	4.0%	5
Dried out the paint and put it in the trash	25.0%	31
Stored it in the basement or garage because I intend to use it someday	66.9%	83
Stored it in the basement or garage because I don't know what else to do with it	20.2%	25
Took it to a paint store	4.8%	6
Took it to a household hazardous waste event or facility	31.5%	39
Gave it away to a family, friend or community organization	8.1%	10
Left it behind when I moved	4.0%	5
I don't know	1.6%	2
Other (please specify)	3.2%	4
Total (exceeds 124 due to multiple answers)		211

#### Responses to Other for Question 3

1. I never had any left over that I didn't keep for "touch ups" were it ever to be necessary
2. painted a fence

3. SOLD IT IN A GARAGE SALE

4. mixed it with other left over and used it for primer

**4. If you wanted to get rid of unwanted paint, what would you do with it? (124 Responses)**

Pour it down the drain	0.0%	0
Put can(s) of liquid paint in the trash	3.2%	4
Dry out the paint and put it in the trash	14.5%	18
Take it to a paint store	10.5%	13
Take it to a household hazardous waste event or facility	50.0%	62
Give it away to a family, friend or community organization	13.7%	17
I don't know	5.6%	7
Other (please specify)	2.4%	3

**Responses to Other for Question 4**

1. I would call city hall and find out what the eco recommendations are for my city.

2. Community Org. or hazardous waste event

3. recycle at metro waste to be made into recycled paint

**5. Did you know that paint can be recycled? (124 Responses)**

Yes	63.7%	79
No	36.3%	45

**6. Have you ever taken paint somewhere to be recycled or disposed? If yes, when was the most recent time? (124 Responses)**

No	53.2%	66
Yes, at some point during the past year	16.1%	20
Yes, more than one year ago	30.6%	38

**7. If you wanted to take paint to be recycled or disposed, do you know where to take it? (123 Responses, 1 Skipped)**

No	52.8%	65
Yes	47.2%	58
If yes, where? (see end of survey)		44

**44 Responses to Where for Question 7**

1. Polk County has a disposal day coming up

2. recycle center

3. paint store

4. Medford

5. Metro

6. Metro

7. local fire station

8. Metro Household Hazardous Waste facility

9. Marion County Transfer Station

10. Don't recall the name

11. re-store

12. county waste facility

13. County transfer site

14. St Helens Transfer Station

15. Miller Paint

16. ReStore/ Habitat for humanity Forest Grove, OR

17. Drakes Paint, Rogue Refuse & Recycling
18. thrift store
19. metro
20. Yamhill county landfill
21. Metro Recycling
22. either ReStore or household haz waste event
23. Forrest Paint
24. Toledo dump
25. Metro waste station
26. waste center
27. Metro Transfer Station, Oregon City
28. County Dump
29. my trash company's recycling center
30. Metro
31. metro recycling center
32. paint store
33. The place where they recycle paint
34. Redmond, OR waste site
35. paint store or Metro
36. neighborhood clean up
37. Jerry's Hardware store
38. Local hazardous waste facility
39. a facility
40. Paint or hardware stores
41. Sherwood Pride Disposal
42. Metro
43. Metro waste
44. Local Paint Recycling / Disposal Location

**8. Thinking of the closest store where you can buy paint, approximately how far is it located from you? (124 Responses)**

Less than 1 mile	16.9%	21
1-5 miles	67.7%	84
5-10 miles	9.7%	12
10-20 miles	2.4%	3
20-30 miles	3.2%	4
Not sure	0.0%	0

**9. What is the farthest distance you would drive to take your paint somewhere to get rid of it? (124 Responses)**

20-30 miles	10.5%	13
10-20 miles	21.0%	26
5-10 miles	37.9%	47
1-5 miles	22.6%	28
Less than 1 mile	2.4%	3
Not sure	5.6%	7

**10. Have you ever heard of PaintCare, the program that sets up places to take paint for recycling? If yes, how did you hear about it? (124 Responses)**

No	97.6%	121
Newspaper	0.0%	0
Radio	0.8%	1
Brochure from a paint store	0.0%	0
From my local household hazardous waste program	0.0%	0
Billboard	0.0%	0
Television	0.8%	1
From a friend	0.0%	0
I received something in the mail	0.0%	0
Internet / Online	0.0%	0
Don't remember	0.8%	1
Other (please specify)	0.0%	0

**11. What county do you live in? (124 Responses)**

Baker	0.8%	1
Benton	0.8%	1
Clackamas	12.9%	16
Clatsop	0.8%	1
Columbia	1.6%	2
Coos	0.8%	1
Curry	0.8%	1
Deschutes	4.0%	5
Douglas	0.8%	1
Jackson	3.2%	4
Josephine	1.6%	2
Klamath	0.8%	1
Lane	12.9%	16
Lincoln	1.6%	2
Linn	0.8%	1
Marion	8.1%	10
Multnomah	25.0%	31
Polk	1.6%	2
Umatilla	1.6%	2
Washington	18.5%	23
Yamhill	0.8%	1

Note: There were no responses for Crook, Gilliam, Grant, Harney, Hood River, Jefferson, Lake, Malheur, Morrow, Sherman, Tillamook, Union, Wallowa or Wasco Counties

**12. How would you describe the place where you live? (124 Responses)**

Urban / Major City	29.0%	36
Suburban	36.3%	45
Small town	18.5%	23
Rural / Countryside	14.5%	18
Other (please specify)	1.6%	2

**Responses to Other for Question 12**

1. 10 minutes from downtown PDX, but next to a forest so like living in countryside
2. small city

**13. Where do you live? (124 Responses)**

Single-family house	96.8%	120
Two or Three-family house	0.0%	0
Condominium or apartment building with many units	2.4%	3
Other (please specify)	0.8%	1

**Responses to Other for Question 13**

1. We own the bottom floor to a 2-home building

**14. Do you paint professionally? (124 Responses)**

Yes	0.0%	0
No	100.0%	124

**15. What is your age? (124 Responses)**

Under 21	1.6%	2
21-40	16.1%	20
41-60	41.9%	52
Over 60	39.5%	49
Prefer not to say	0.8%	1

**16. Gender (124 Responses)**

Male	50.8%	63
Female	48.4%	60
Prefer not to say	0.8%	1

**17. Educational Level (124 Responses)**

Some High School	0.8%	1
High School Graduate	5.6%	7
Some College	25.8%	32
College Graduate	64.5%	80
Prefer not to say	3.2%	4

**18. What is your household income? (124 Responses)**

Less than \$50K	22.6%	28
\$50 – 100K	37.9%	47
\$100 – 150K	16.9%	21
Over \$150K	6.5%	8
Prefer not to say	16.1%	20

**19. Gender (124 Responses)**

Male	51.6%	64
Female	48.4%	60

**20. Age (124 Responses)**

< 18	0.0%	0
18-29	3.2%	4
30-44	21.8%	27
45-60	34.7%	43
> 60	40.3%	50

**21. Household Income (116 Responses; 8 Skipped)**

\$0 - \$24,999	19.8%	23
\$25,000 - \$49,999	11.2%	13
\$50,000 - \$99,999	39.7%	46
\$100,000 - \$149,999	14.7%	17
\$150,000+	14.7%	17

**22. Education (124 Responses)**

Less than high school degree	0.8%	1
High school degree	8.9%	11
Some college	29.8%	37
Associate or bachelor degree	35.5%	44
Graduate degree	25.0%	31