



Oregon Paint Stewardship Program

Annual Report January 1, 2016 – December 31, 2016



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Executive Summary

PaintCare is the representative stewardship organization of the Oregon Architectural Paint Stewardship Program, as set forth by Chapter 459A, Reuse and Recycling, Subsection 820-855 of the 2013 Oregon Laws. That Paint Stewardship Law provides for the establishment of a permanent statewide paint stewardship program, managed by a stewardship organization, to accomplish the following:

- 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 postconsumer architectural paint;
- 3) Promote the reuse of postconsumer architectural paint; and
- 4) Collect, transport and process postconsumer architectural paint for end-of-product-life management, including reuse, recycling, energy recovery and disposal.

Under the Oregon Paint Stewardship Law, PaintCare must submit an annual report to the Oregon Department of Environmental Quality (DEQ) on April 1 of each year. This report covers the January 1 - December 31, 2016.

2016 HIGHLIGHTS

- ◆ **Sites, Events, and Service:** The year ended with 171 active drop-off sites. The program added 7 new sites (4 reuse stores, 2 retail, 1 transfer station) and subtracted 3 sites (2 retail, 1 reuse). The net addition of 4 sites provided access within 15 miles to a site for 96.3% of all Oregon residents. Including 72 one-day drop-off events, 98% of Oregon residents lived within 15 miles of a location to drop off unwanted paint.
- ◆ **Paint Collection/Processed Volume:** The program collected over 717,000 gallons of postconsumer paint in 2016. The 2016 processed volume of 601,043 gallons brings the total since program inception to more than 3.77 million gallons.
- ◆ **Goals:** PaintCare continued its efforts in 2016 to run an environmentally sound and cost-effective stewardship program. The program continues to promote and support paint reuse; 7% of all paint collected by the Oregon program was reused. The latex paint recycling rate achieved by Metro was 61%, falling short of the program's goal of 67%. Metric development and goal setting for source reduction, consumer awareness, and cost effectiveness continued during 2016 in collaboration with DEQ.
- ◆ **Expenses and Revenues:** Total program expenses for 2016 were \$5,111,658, with revenues of \$4,779,231. DEQ is currently reviewing a fee increase submitted in October 2016 that will restore balance to the program's finances. Cost per gallon was \$7.12, a decrease of \$0.10 per gallon from the previous year.
- ◆ **Outreach:** The program continued to support paint retailers, collection sites, counties and PaintCare events with required program awareness materials and supported the paint collection marketing efforts of Lane County and Tillamook County. Program outreach efforts were scaled back in 2016, both in consideration of budgetary constraints and to reflect the decreased needs of a 6-year-old program.

Section 1. Collection, Transportation and Processing

Statutory Citation

459A.842 Reports by stewardship organizations. At a minimum, the report must contain:

(1)(a) A description of the methods used to collect, transport, recycle and process post-consumer architectural paint in this state.

(1)(L) Documentation of compliance with the requirements of 459A.827(2)(b) (Plan for architectural paint stewardship program) and 459A.830 (Collection system for post-consumer architectural paint).

PAINT COLLECTION SYSTEM AND CONVENIENCE LEVEL

Drop-Off Sites and Events

At the end of 2016, the Oregon PaintCare program had 171 active drop-off sites located throughout the state, an increase of four sites since the end of 2015. Drop-off sites as of December 31, 2016 are listed in the appendix.

FIGURE 1. PERMANENT DROP-OFF SITES

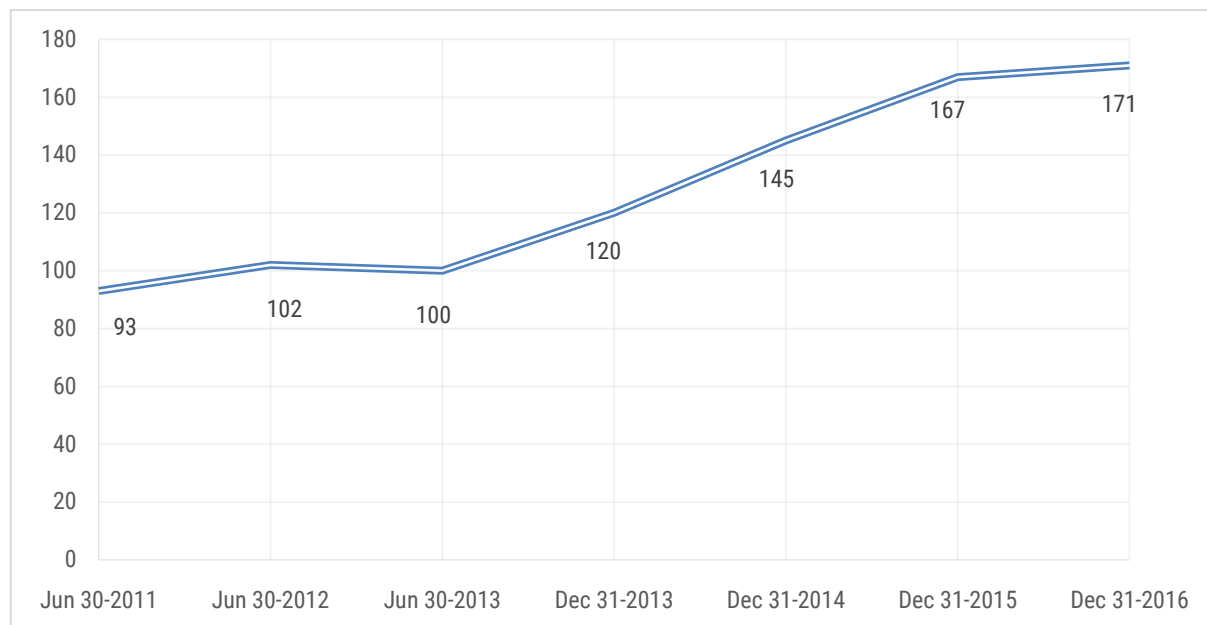


Table 1 summarizes the program's paint collection system at the end of each reporting period, including both permanent drop-off sites and one-day drop-off events. The majority of PaintCare drop-off sites are retail stores that are open five or more days per week. Recurring Large Volume Pick-Up (RLVP) sites are businesses

and organizations that generate large volumes of paint on a regular basis that contract with PaintCare for periodic scheduled pick-ups.

TABLE 1. PAINTCARE'S PAINT COLLECTION SYSTEM

SITES AT END OF REPORT PERIOD	JUNE 2011	JUNE 2012	JUNE 2013	DEC 2013	DEC 2014	DEC 2015	DEC 2016	DEC 2016
HHW & Solid Waste Facilities	15	19	19	19	17	20	22	13%
Retailers	69	71	68	87	111	125	124	72%
Reuse Stores	9	12	13	14	17	22	25	15%
Total Permanent Sites	93	102	100	120	145	167	171	100%
Recurring Large Volume Pick-Up Sites	0	0	0	0	2	7	7	

EVENTS DURING REPORT PERIOD

PaintCare-Sponsored	2	6	4	0	3	16	5	
HHW/Municipal-Sponsored	57	57	79	30	61	60	67	
Total Events	59	63	83	30	64	76	72	

In addition to drop-off sites and events, the PaintCare program provided 17 direct large volume pick-ups (LVPs) to 14 different commercial and institutional entities, including painting contractors, property managers, and a variety of private businesses and public institutions. There were 15 LVPs in 2015.

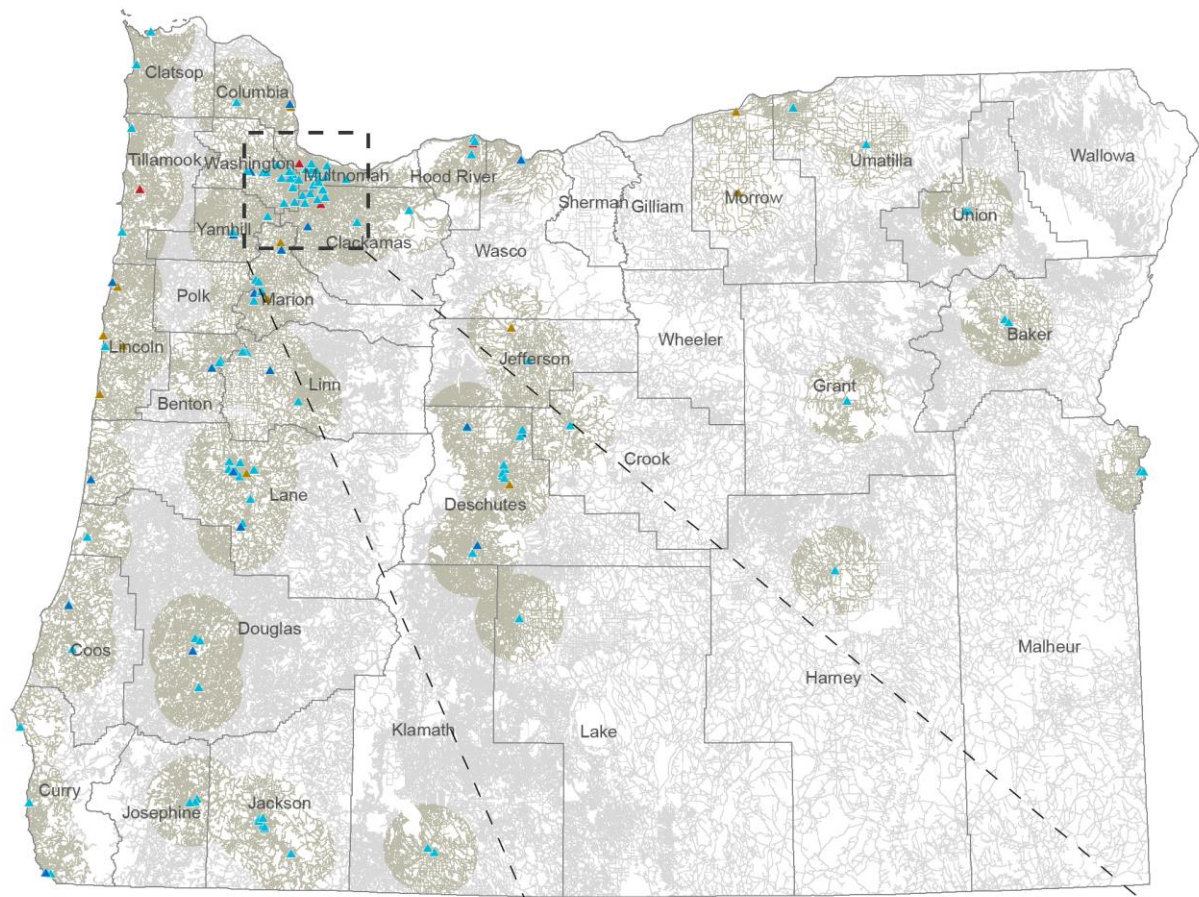
CONVENIENCE LEVEL

PaintCare's 171 permanent drop-off sites provided 96.3% of Oregon residents with a drop-off site within 15 miles of their home, with one site for every 22,404 residents. Coverage is determined by Geographical Information System (GIS) analysis with the assistance of Dewberry, a professional services firm with expertise in geographic mapping and analysis. The following maps show the locations of the sites and events in Table 1 above. Tables 2 and 3 below shows the change in convenience over the previous 5 years.

TABLE 2. CONVENIENCE PROVIDED BY PERMANENT DROP-OFF SITES

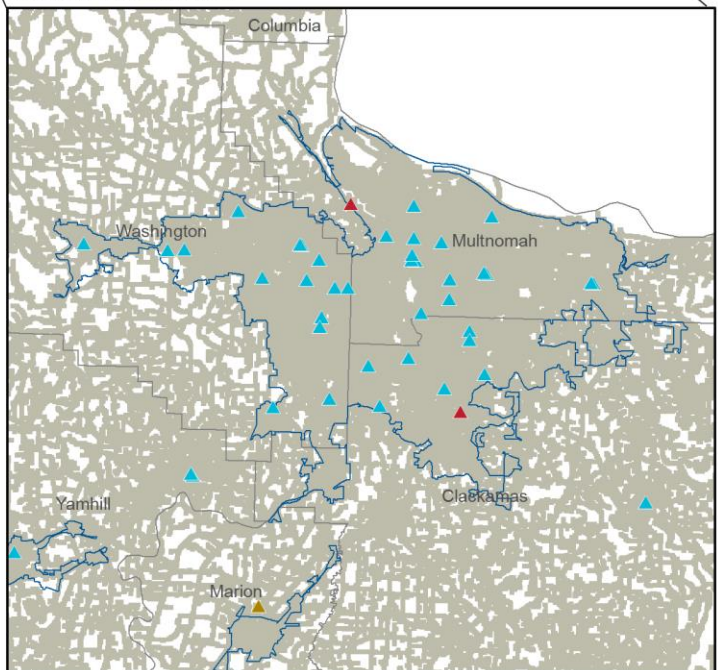
	JUNE 2011	JUNE 2012	DEC 2013	DEC 2014	DEC 2015	DEC 2016
Percent of population within 15 miles of a permanent site	93.1	94.4	95.5	96.0	96.3	96.3
Number of Oregon residents per site	41,194	37,560	31,926	26,421	22,941	22,404

2016 PERMANENT DROP-OFF SITES

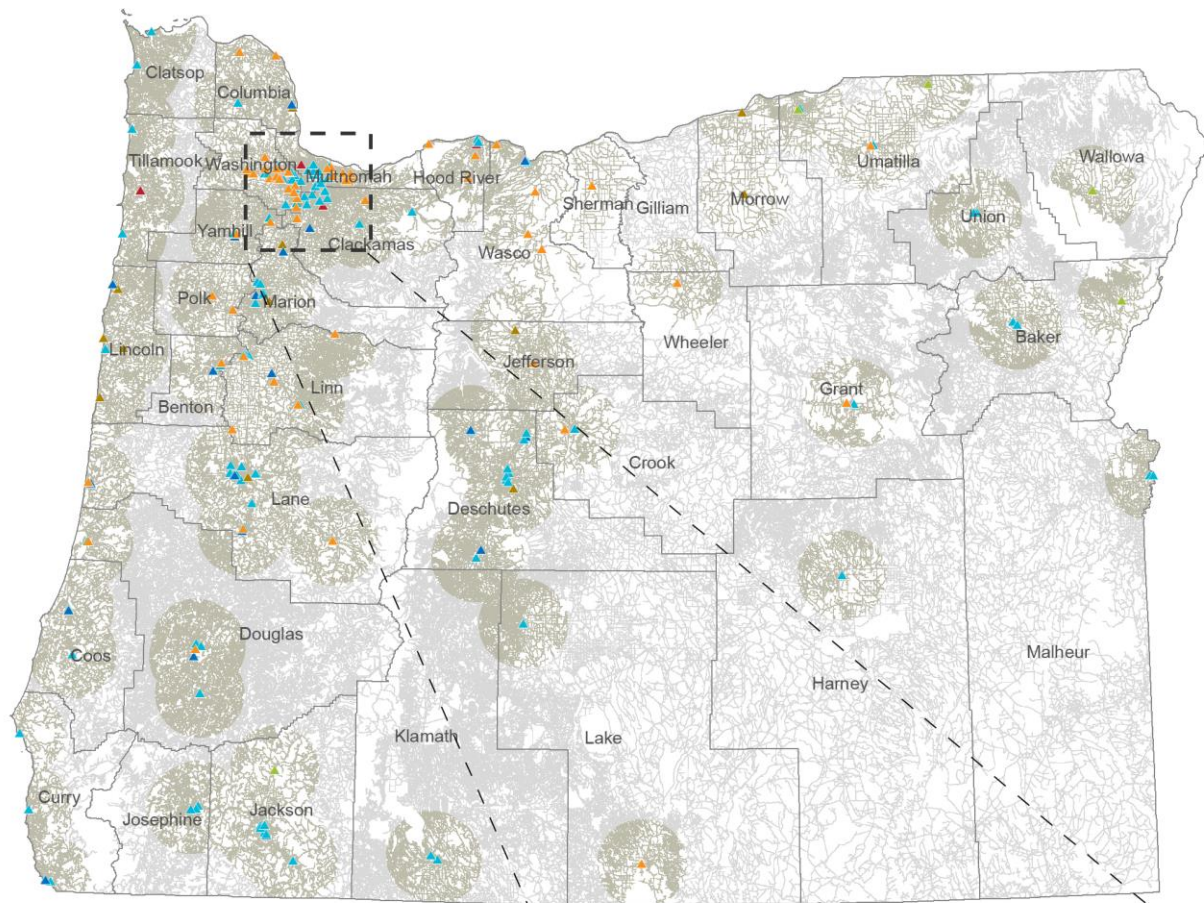


- ▲ HHW Facility
- ▲ Retail
- ▲ Restore
- ▲ Transfer Station
- County Borders
- Population Areas Served by Drop-Off Site
- Populated Areas Not Served by Drop-Off Sites

Portland Metro Area



2016 PERMANENT DROP-OFF SITES AND EVENT SITES



Portland Metro Area

- ▲ HHW Event
- ▲ HHW Facility
- ▲ PaintCare Event
- ▲ Retail
- ▲ Restore
- ▲ Transfer Station
- County Borders
- Population Areas Serviced by Drop-Off Site
- Populated Areas Not Serviced by Drop-Off Sites

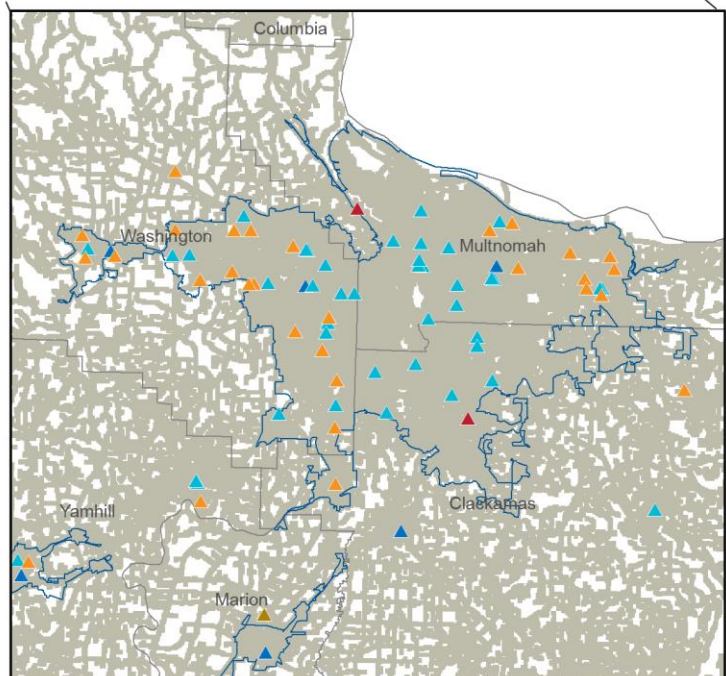


TABLE 3. CONVENIENCE PROVIDED BY PERMANENT DROP-OFF SITES AND EVENT SITES

	JUNE 2011	JUNE 2012	DEC 2013	DEC 2014	DEC 2015	DEC 2016
Percent of population within 15 miles of a permanent site or event site	93.1	94.4	95.5	97.2	98.0	98.0
Number of Oregon residents per site	25,204	23,219	25,540	18,508	15,831	16,302

Underserved Areas

The paint stewardship law requires the program to provide 1-2 paint drop-off events per year in each underserved area of the state, unless DEQ agrees that holding a drop-off event for given geographic area will not be practicable or effective. An area is defined as underserved if it is not within 15 miles of a drop-off location or other service, such as an HHW event. Based on GIS analysis, approximately 3.7% of the state's population lives outside of a 15-mile radius of a permanent drop-off site.

Appendix D details events held or planned in underserved areas, the funding source for the event, and the good faith efforts made by PaintCare to reach local representatives to propose and coordinate events.

Appendix D also provides a summary of the areas in the state where PaintCare believes that drop-off events will not be practicable or effective, and details alternate measures taken as part of the ongoing process of consulting with contacts in underserved areas. This approach has proven to be positive – in one instance, a brainstorming conversation with county contacts resulted in renewed interest in adding permanent drop-off locations at satellite transfer stations. PaintCare will continue to pursue partnership opportunities with underserved areas in 2017.

PAINT COLLECTION PROCEDURES

The program enters into collection contracts with all drop-off sites. With the exception of HHW programs, all drop-off sites receive an initial on-site program training and a program procedures manual. The training and manual cover:

- ◆ Program and non-program products
- ◆ Acceptable containers
- ◆ Whom to accept paint from and how much
- ◆ CEG determination and log form
- ◆ Proper storage
- ◆ Spill response procedures and reporting requirements
- ◆ Employee training
- ◆ How to schedule a pickup
- ◆ Required paperwork and retention schedules

Drop-off site personnel are required to visually inspect, but not open, every container of postconsumer paint brought to their site to confirm that it is a program product and then place it in the spill-proof collection containers provided by the program, immediately.

Drop-off sites are visited by the program on a routine basis (generally, at least once per year) to ensure compliance by the site with program requirements, as well with health, safety and environmental standards and/or in response to complaints or compliance issues. There were 166 site visits conducted in 2016.

TRANSPORTATION AND PROCESSING

Transportation

The program continued to utilize the transportation procedures and material tracking systems that were implemented at the start of the program, including contracting with Stericycle and Clean Harbors to provide transportation services to drop-off sites, events, and large volume pick-ups. Stericycle's and Clean Harbors' paint management methods are detailed in the Oregon program plan (pages 21-22).

Latex Paint Management

Metro, Marion County, Tillamook County, Clean Harbors, and the Lincoln County Haulers Association (LCHA), continued to provide latex paint management services to the program.

Metro collected latex paint from its two fixed HHW facilities and at its events in the Portland metropolitan area. Metro also received latex paint collected by Stericycle from statewide drop-off sites, events and LVPs. Recyclable latex paint is made into new recycled-content latex paint and sold or distributed through a variety of channels. The market for recycled-content paint, particularly for less popular colors, varies from year to year. Any liquid latex paint processed at the Metro paint facility that is not of suitable quality or not a useful color for recycling back into paint is used for biodegradation, a process used to extract gas from landfills. Dry paint is separated from liquid paint and is sent to landfill.

Marion County collected latex paint via their two transfer stations, HHW events and a curbside collection system. Recyclable latex paint is processed into recycled-content paint and given away locally for free. Due to a change in operations, Marion County did not reprocess from August 2016 onward. Paint collected after August 2016 was transported by Stericycle to their consolidation facility and managed through Metro.

Tillamook County collected latex paint for reprocessing through their HHW collection events and CARTM (Community Action Recycling Team of Manzanita). Latex paint collected is segregated into recyclable paint and non-recyclable paint. Recyclable paint is made into recycled-content paint and sold locally at municipal and local non-profit locations. Non-recyclable paint is transported by Stericycle to their consolidation facility and managed through Metro.

Clean Harbors collected latex paint from 11 DEQ-sponsored HHW events, for which PaintCare funded the paint portion. The paint was sent to Amazon for recycling and for energy recovery as a biomass product.

LCHA collected and segregated latex paint into recyclable and non-recyclable paint. Recyclable paint is reprocessed into recycled-content paint and sold locally. Unsold recycled-content paint and non-recyclable paint is transported by Stericycle to their consolidation facility and managed through Metro.

Oil-Based Paint Management

Stericycle continued to be the service provider for oil-based paint (referred to as alkyd in the Oregon law) for all LVPs, PaintCare events, and permanent sites, except for Marion County transfer stations, which utilized Stericycle until August 2016, as mentioned above. In addition, Clean Harbors provided oil-based paint service for 11 DEQ-sponsored HHW events, for which PaintCare funded the paint portion. All oil-based paint collected by Stericycle and Clean Harbors goes for fuel blending and energy recovery. Oil-based paint collected by Marion County is utilized for energy recovery at the county's incinerator in Brooks.

Reuse

Metro runs an oil-based paint reuse program under contract for the PaintCare program. In addition, PaintCare partnered with 25 reuse stores to facilitate latex and oil-based paint reuse. Reuse programs provide good, usable paint in its original container back to the public either for free or for a discounted price. Sites with reuse programs report the gallons they distributed to the public to PaintCare. PaintCare attempts to divert more paint for reuse by first referring large quantity paint donations to local reuse store partners. These stores have the capacity to determine if paint is suitable for reuse and can manage the fraction of paint that is deemed unusable by using their PaintCare collection bins on site.

Since the beginning of the program, paint reuse has increased from 3% to 7% of total volume.

Section 2. Collection Volume and Disposition Methods

Statutory Citation

459A.842 Reports by stewardship organizations. At a minimum, the report must contain:

(1)(b) A calculation of the total volume in gallons of post-consumer architectural paint collected by the program, categorized by latex, alkyd and any other type of paint.

(1)(c) For each permanent collection site and collection event under the program:

(A) A calculation of the total volume in gallons of post-consumer architectural paint collected at the site or event;

(B) The address or, if no address is available, the physical location of the site or event; and

(C) A description of whether the site or event is:

(i) A permanent collection site located at a retailer;

(ii) A permanent collection site or collection event for the program located within the local solid waste collection infrastructure; or

(iii) A collection event promoted and paid for by a stewardship organization.

(1)(d) An estimate of the total weight and disposition of all paint containers collected by the program.

(1)(e) The total volume of post-consumer architectural paint collected under the program, categorized by method of disposition, including reuse, recycling, energy recovery and disposal.

(1)(f) The data, conversion factors and any changes from prior years in the methodology used to complete the analysis required to comply with paragraphs (b) to (e) of this subsection.

(1)(m) A description of the activities undertaken to achieve, and the progress made toward achieving, the program goals as provided for in the program plan.

PAINT VOLUME – PROCESSED

A total of 601,043 gallons of paint were processed during 2016. This is a decrease from the previous year's total of 618,971. The amount of latex paint processed increased slightly, while the amount of oil-based paint reported has declined. PaintCare believes the decline in oil-based paint can be attributed to a change made early in the reporting period by Stericycle to improve volume reporting accuracy, discussed in greater detail under *Reconciling Volumes* (page 15). Taking this adjustment into account, processed volume is similar to the previous year. Table 4 shows the volume of postconsumer architectural paint processed in each reporting period.

TABLE 4. GALLONS OF PAINT PROCESSED BY TYPE AND REPORTING PERIOD

	OIL-BASED GALLONS	OIL-BASED %	LATEX GALLONS	LATEX %	TOTAL GALLONS
July 2011 – June 2012	150,578	26	420,227	74	570,805
July 2012 – June 2013	162,108	28	418,585	72	580,693
July – December 2013	99,715	32	212,624	68	312,339
January – December 2014	186,515	30	434,657	70	621,173
January – December 2015	189,973	31	428,998	69	618,971
January – December 2016	163,238	28	437,805	72	601,043

Deriving Processed Volume

During this reporting period, processing data was reported by Metro, Stericycle, Marion County, reuse stores, Clean Harbors, Tillamook County and LCHA.

Metro reported the actual volume of liquid latex paint they processed and made into recycled-content paint and the actual volume of liquid latex paint bulked for use in landfill biodegradation. Metro also reported the actual volume of oil-based paint donated for reuse.

Stericycle volume of oil-based paint processed was derived using gross weight of bins, subtracting estimated packaging weight, and dividing by 10 to convert to gallons.

Marion County reported the actual volume of liquid latex paint they processed and made into recycled-content paint. An estimate of gallons was provided for oil-based paint managed by Marion County for energy recovery, using gross weight of the collection bins, subtracting estimated packaging and non-program product weight, and dividing by 10 to convert to gallons.

Reuse stores reported the actual volume of latex and oil-based paint sold or donated to the public.

Clean Harbors reported the volume of latex and oil-based paint processed using gross weight of the collection bins, subtracting estimated packaging weight, and dividing by 10 to convert to gallons. For latex, a quarterly split provided by Amazon was applied to the gallon figure to approximate the volume of latex paint made into recycled-content paint (48%) and used for biomass (52%).

Tillamook County reported the actual volume of latex paint they processed and made into recycled-content paint.

LCHA reported the actual volume of latex paint they processed and made into recycled-content paint.

PAINT VOLUME – COLLECTED

A total of 717,898 gallons of paint were collected during 2016. Table 5 shows the volume of postconsumer architectural paint collected and processed since 2014. Prior to 2014, actual weight was not available to derive collection volume.

TABLE 5. GALLONS OF PAINT COLLECTED

	2014 GALLONS	2015 GALLONS	2016 GALLONS
Collected	674,425	770,488	717,898

Deriving Collection Volume by Site/Event

During this reporting period, collection data was reported by Metro, Stericycle, Marion County, reuse stores, Clean Harbors, Tillamook County and LCHA. A list of all paint drop-off sites and collection activity reported in gallons and grouped by wasteshed is provided in Appendix D.

Stericycle transported paint from most drop-off sites and events. Paint containers are sorted at its facility before being processed downstream by Metro (latex) or Stericycle (oil-based). To derive volume of paint collected per site: (1) Gross weight is obtained from each bin picked-up from a site/event. (2) The weight of the empty bin (115 pounds) is subtracted from the gross weight. (3) The weight of the empty paint cans (16%) is then subtracted, leaving only the net weight of the paint. (4) The net weight of the paint is divided by 10 to convert to gallons. (5) The results are summed, per site.

Metro receives latex paint in 5-gallon pails, 1-gallon cans, and 1-quart cans. 5-gallon pails are containerized on pallets, approximately 36 pails per pallet, and cans are containerized in wire basket cages, approximately 140 one-gallon cans or 679 one-quart cans per cage. Each of these full pallets/cages is considered one unit of those pails/cans. Partial containers are rounded to the nearest fraction equivalent of one layer of pails/cans, with pail fractions in thirds, gallon fractions in quarters, and quart fractions in sevenths. For example: a full gallon cage has four rows of approximately 35 cans per row; a cage with 2-1/2 rows would be rounded to 3/4's of a cage of gallons. (This is applicable primarily to paint collected at HHW events; most containers from Metro's facilities are shipped full.)

- Processing and Inventory: The same container units used for paint received are also used for paint processed (opening, inspecting, and sorting into bulk totes), as well as inventory.
- Conversion of Container Units to Estimated Gallons: Pails and cans processed are converted to gallon can equivalent (GCE): a pail is 5 GCE, a gallon is 1 GCE, and a quart is 1/4 GCE.
- To determine the volume of paint in GCE processed, the total GCE processed during a calendar month (# of containers x GCE rate) is compared to the total volume of paint, both recyclable and waste, either accumulated in or produced from bulk totes during the month.

- Since some of the paint processed into bulk totes is not produced during the same month, the monthly calculated gallons/GCE can vary significantly. Therefore, especially for purposes of monthly PaintCare reporting, the more accurate and consistent gallons/GCE for the previous 12 months is used. For example: the gallons/GCE for Apr 2015 may be 55%, and for Feb 2015 may be 35%, whereas the average for the 12 month period from May 2014 through Apr 2015 may be 45%, which is consistent with most consecutive 12 month periods. This 12-month average gallons/GCE is then used in calculations to determine the estimated volume of paint in pallet and cage containers. For example: 100 full 1-gallon cages x 140 GCE/cage \approx 14,000 GCE; 14,000 GCE x 45% gals/GCE \approx 6,300 gallons of paint.

Marion County, Reuse stores, Clean Harbors, Tillamook County and LCHA collection volume was determined in the same way as processed volume. From August 2016 onward, paint from Marion County was collected and reported by Stericycle.

Reconciling Volumes

PaintCare continues to work with its service providers to narrow the gap between collected and processed volumes, shown below in Table 6. Responding to the variance observed in 2015, PaintCare asked Stericycle and Metro to review their data practices.

Stericycle's review concluded that its measurements were inconsistent due to the use of multiple forklift scales to weigh collected material. In response, Stericycle now weighs material consistently through exclusive use of a single calibrated floor scale. Data from March 2016 onward reflects this change, and has resulted in a more accurate measurement of collected volume.

Metro performed a study in 2016 that measured the weight of dry and liquid paint from a sample of containers received at their paint recycling facility. The study found that over 20% of the collected weight of latex paint is dry. Because Metro only measures liquid volumes and does not use scale weights, Metro has not accounted for dry paint as a component of its volume data.

PaintCare is currently working with Metro on steps needed to begin weighing paint collected at Metro's facilities and neighborhood events. PaintCare believes that if Metro weighs the paint that it collects, in combination with Stericycle's ongoing use of a single calibrated scale, it will result in more closely reconciled volumes.

TABLE 6. VARIANCE OF COLLECTED AND PROCESSED VOLUMES

	2014 GALLONS	2015 GALLONS	2016 GALLONS
Collected	674,425	770,488	717,898
Processed	621,173	618,971	601,043
Variance	-8.1%	-19.7%	-16.3%

PAINT DISPOSITION

As described in Section 1 of this report, 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 as a biomass product. Oil-based paint is primarily used for fuel blending/energy recovery, with a portion given away or sold through reuse programs.

The amount of latex paint diverted for reuse continued to increase, reaching 7% this year. The amount of paint sent for biodegradation also continued to increase, up 1% since 2015 and 6% since 2014. As the processor of 95% of latex paint not reused, Metro has stated to PaintCare that fluctuations in the amount of paint sent for biodegradation are driven by the paint market. In recent years, Metro has received increasing volumes of colors that it cannot sell, which has increased the share sent to biodegradation.

The amount of oil-based paint diverted for reuse reached 6 percent this year, with reuse stores and Metro both showing gains. Table 7 and Figures 2 and 3 illustrate paint disposition during this reporting period.

TABLE 7. SUMMARY OF PAINT DISPOSITION METHOD BY PERCENTAGE
(AND 2016 GALLONS) BY REPORTING PERIOD

LATEX PAINT	PAINT TO PAINT	BIODEGRA- -DATION	REUSE	ENERGY RECOVERY	BIOMASS	CEMENT ADDITIVE
July 2011 – June 2012	72	15	3	4	6	0
July 2012 – June 2013	64	24	5	5	2	0
July – Dec 2013	66	26	4	3	1	0
Jan – Dec 2014	64	28	3	4	1	0
Jan – Dec 2015	60	33	6	0	<1	0
Jan – Dec 2016	58	34	7	0	<1	0
Jan – Dec 2016 (gallons)	253,652	150,684	31,097	0	2,640	0

OIL-BASED PAINT	REUSE	FUEL BLENDING/ ENERGY RECOVERY
July 2011 – June 2012	2	98
July 2012 – June 2013	4	96
July – Dec 2013	3	97
Jan – Dec 2014	3	97
Jan – Dec 2015	3	97
Jan – Dec 2016	6	94
Jan – Dec 2016 (gallons)	10,222	153,017

FIGURE 2. LATEX DISPOSITION

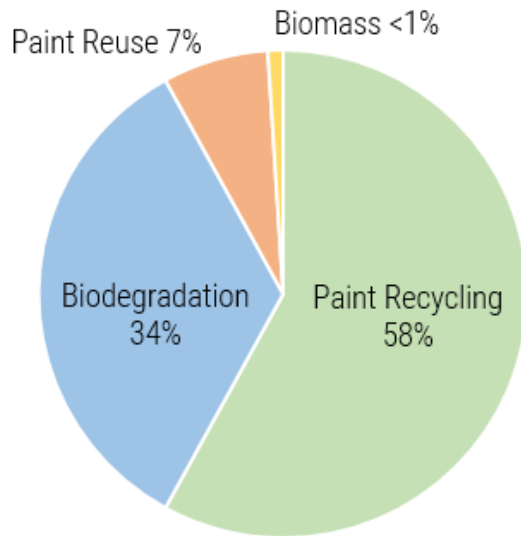
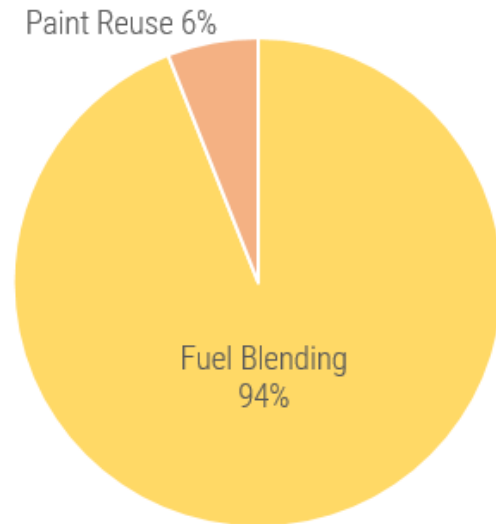


FIGURE 3. OIL-BASED DISPOSITION



LATEX PAINT RECYCLING RATE GOAL

As noted in the program plan (page 31), PaintCare has a goal to increase the percentage of latex paint that is recycled by a minimum of 1 percentage point each reporting year, with the goal of reaching 67% by 2016. For 2016, the recycling rate reported by Metro was 61%.

While it is understood that Metro's paint-to-paint recycling rate is primarily driven by market conditions, Metro is taking steps to improve its overall recycling rate. Metro reported to PaintCare in early 2017 that it is setting aside funds to hire a consultant to explore marketable alternatives to paint-to-paint recycling.

CONTAINER RECYCLING

Plastic paint pails and metal cans from Metro and Clean Harbors operations are sent for recycling when feasible. During 2016, the program recycled 39.1 tons of metal containers and 40.9 tons of plastic containers. The combined 80 tons of containers recycled in 2016 is 7% less than 2015's total of 85.9 tons, reflecting the decreased ability of processors to find recycling markets for containers.

Section 3. Financial Summary, Independent Audit, and Program Budget

Statutory Citation

459A.842 Reports by stewardship organizations. At a minimum, the report must contain:

- (g) An independent financial audit of the program.
- (h) A description of program revenues and costs for the prior year that follows the budget requirements provided in ORS 459A.827 and that further describes:
 - (A) The total cost of the program during the prior year calculated as a per capita amount for each resident of this state;
 - (B) The cost per gallon of the program during the prior year;
 - (C) The use by the stewardship organization of any revenues from the program during the past year that exceeded the total costs of the program, including a description of the amount held by the stewardship organization in unallocated reserve funds at the end of the reporting period; and
 - (D) If requested by the director, any additional budgetary information necessary for the director to determine whether the stewardship organization must amend the plan under ORS 459A.835 (1)(d).
- (i) An updated budget for the next calendar year that follows the budget requirements provided in ORS 459A.827.
- (j) An evaluation of the operation of the program's funding mechanism.

Program Revenue and Expenses

Revenue

Total revenue for the Oregon program was \$4,779,231 in 2016, consisting of \$4,665,094 in PaintCare fees and other income of \$114,137. Total architectural paint containers sold in Oregon were 5.8 million, equating to a total volume of 8.9 million gallons of paint.

Table 8 shows the total number of containers and corresponding revenue for each container size category.

TABLE 8. PAINT SALES AND FEE REVENUE 2016

CONTAINER SIZE	CONTAINERS	GALLONS	FEE REVENUE
Larger than half pint to smaller than 1 gallon	1,352,437	338,109	\$ 473,353
1 gallon	3,344,640	3,344,640	\$ 2,508,480
Larger than 1 gallon up to 5 gallons	1,052,038	5,260,190	\$ 1,683,261
Total	5,749,115	8,942,939	\$ 4,665,094

Expenses

- ◆ Paint collection, transportation and processing costs (collectively termed Operations for the Oregon budget) are the most significant expenses of the program. Collection costs include training materials for sites, spill kits and other miscellaneous supplies needed to maintain operations. Transportation costs include money paid to Stericycle, Metro, and Clean Harbors to pick up bins of program products from drop-off sites and events and deliver them to their own sites, recyclers or disposal facilities. Processing costs include direct reuse incentives, sorting, recycling, and proper disposal.
- ◆ Communications expenses include advertising and promotional materials to increase program visibility through education and outreach.
- ◆ State agency administrative fees are paid to Oregon DEQ annually. A fee of \$40,000 for program oversight to cover this 12-month reporting period was paid during the year.
- ◆ Administrative costs (defined by Oregon DEQ) includes overhead expenses for operating the program such as in-state personnel, travel, auditing, legal, insurance, and other administrative services and supplies along with the portion of PaintCare corporate expenses allocated to the Oregon program.

Note: Oregon's definition of administrative costs is distinct from how PaintCare defines it in its other states. In other states, PaintCare categorizes costs as direct (operations) or indirect (administrative). Direct costs include all in-state operational expenses including paint management costs, in-state staffing, and legal fees. Indirect costs (also referred to as administrative expenses) are costs that do not directly benefit a state program, but are indirectly beneficial to the state program such as corporate staffing, company-wide auditing, and general communications.

Financial Summary

Table 9 summarizes program revenue and expenses.

TABLE 9. FINANCIAL SUMMARY 2016

PROGRAM REVENUE

PaintCare fees	\$ 4,665,094
Other	114,137
Total revenue:	4,779,231

PROGRAM EXPENSES

Operations	4,553,621
Communications	73,004
DEQ administrative fee	40,000
Administrative costs	445,033
Total expenses:	\$ 5,111,658

Total change in net assets	(332,427)
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Net assets, beginning of year	4,672
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Net assets, end of year	(\$ 327,755)
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Unallocated Reserve Funds Discussion

The net assets (unallocated reserve funds) of the Oregon program on January 1, 2016 was \$4,672. During this reporting period, net assets decreased by \$332,427, resulting in a balance of net assets on December 31, 2016 of -\$327,755.

PaintCare has a reserve policy to maintain net asset balances in each state program. This policy establishes a minimum threshold of 16% (i.e., at least two months of operating expenses). In 2016 PaintCare reduced fixed expenses in Oregon where possible, while maintaining a high standard of service. However, variable costs driven by consistently high paint processing volumes continued to consume nearly all revenue. This persistent funding imbalance necessitated a request to DEQ made in October 2016 to adjust the PaintCare fee schedule. The fee schedule request is currently under review and will be implemented no sooner than November 1, 2017.

EVALUATION OF THE OPERATION OF THE PROGRAM'S FUNDING MECHANISM

As described in the PaintCare Oregon program plan, the program utilizes the assessment rates (PaintCare fee schedule) shown in Table 10.

TABLE 10. PAINTCARE FEE SCHEDULE

CONTAINER SIZE	FEE PER CONTAINER
Half pint or smaller	\$ 0.00
Larger than half pint to smaller than 1 gallon	\$ 0.35
1 gallon	\$ 0.75
Larger than 1 gallon up to 5 gallons	\$ 1.60

The funding mechanism and system to receive sales reports and payments from manufacturers continued to perform well during this reporting period. However, revenue provided by the fee structure was not adequate to support the cost of the program, even as expenses declined by 8.1% compared to 2015. In 2016, PaintCare proposed a revised fee structure that will enable it to restore balance to its finances. At the time of this report, the revised fee structure is still under review by DEQ.

PROGRAM COST EFFECTIVENESS

PaintCare makes every effort to run a cost-effective program within the context of its obligations under the law. PaintCare works with its partners and stakeholders to maintain a statutorily compliant program while attempting to minimize or eliminate activities that are not effective or required by statute.

PaintCare follows a solid waste hierarchy established in Oregon state law to, first, reduce the amount of waste generated and, second, to reuse material for the purpose for which it was originally intended. PaintCare's collection partners and transportation vendors must then prioritize recycling material that cannot be reused before seeking alternatives, such as use for energy recovery or biodegradation. These vendors must also be cost-competitive within the industry for the services they provide and meet the substantial requirements of state and federal law associated with materials management. PaintCare's collection, transportation and processing vendors serviced Oregon for decades, and represented 89% of program cost in 2016.

The paint collection network is distributed to meet Oregon statutory requirements for convenience, utilizing both preexisting infrastructure in the HHW community and engaging new voluntary partners at retail. As devised, the program adds costs in close proportion to the material it collects, with only a slight increase in transportation cost when material is retrieved from greater distances.

In 2016, PaintCare’s efforts to maintain a cost-effective program included the following:

- ◆ Only placing new permanent drop-off sites to address underserved areas or when the placing of a new permanent drop-off site would increase the cost-effectiveness of the program;
- ◆ Limiting PaintCare drop-off events outside of underserved areas or where otherwise required by Oregon statute;
- ◆ Maximizing outreach and paint collection potential by partnering on the paint portion of DEQ household hazardous waste collection events;
- ◆ Avoiding short pickups by instructing transporters to only pick up bins that are full, or nearly full; and,
- ◆ Expanding the partnership with Habitat for Humanity. By offering paint for reuse locally, these outlets save the program on transportation and processing expenses while providing a benefit to their community.

To expand its efforts to maintain a cost-effective program in 2017, PaintCare will:

- ◆ Maintain a reduced communications budget focused on targeted outreach and required activities;
- ◆ Partner where practicable or effective with local organizations and government entities on events, expanding reuse, and facilitating local paint management (i.e., Tillamook County, which reprocesses paint locally); and,
- ◆ Seek partnerships with local contacts to find cost-effective means to serve underserved areas.

Program Metrics

Table 11 presents costs per capita (using the US Census Bureau’s 2010 Oregon population of 3,831,074) and cost per gallon.

TABLE 11. PROGRAM METRICS

	2014	2015	2016
Cost per Capita	\$ 1.20	\$ 1.45	\$ 1.33
Cost per Gallon	\$ 6.80	\$ 7.22	\$ 7.12

In 2017, PaintCare is working to devise additional program metrics and incorporate them in subsequent annual reports, under a process outlined in the program plan.

PROGRAM BUDGET

The budget for 2017, is summarized in Table 12 and reflects observed revenue and expense trends. An identical budget was submitted to DEQ in support of its fee increase proposal, with a prospective implementation date of September 1, 2017 (subject to approval by DEQ).

TABLE 12. 2017 BUDGET

REVENUE

PaintCare fees	\$ 5,205,126
Other	100,000
Total revenue	5,305,126

EXPENSES

Operations	4,751,987
Communications	70,000
DEQ administrative fees	40,000
Administrative costs	512,564
Total expenses	\$ 5,374,551

Unallocated reserve funds	(\$ 69,425)
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INDEPENDENT FINANCIAL AUDIT

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 December 31, 2016, and the changes in its net assets and its cash flows for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.

Please see the appendix for the independent financial audit of the PaintCare program.

Section 4. Education and Outreach

Statutory Citation

459A.842 Reports by stewardship organizations. At a minimum, the report must contain:

(1)(k) Samples of educational and outreach 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.

(1)(m) A description of the activities undertaken to achieve, and the progress made toward achieving, the program goals as provided for in the program plan.

EDUCATIONAL MATERIALS PROVIDED TO CONSUMERS

Point of Sale (POS) Materials

PaintCare makes POS materials available to Oregon paint retailers to distribute to their customers. POS materials include the program brochure, mini card, in-store poster, fact sheet for painting contractors, and fact sheet about the large volume pick-up service. Brochure holders and a counter mat version of the store poster are also made available.

Any retailer or interested party may order POS materials throughout the year: via an online form, email, fax, regular mail, or phone. Orders are filled within 2-3 days of placement. These materials and others may also be downloaded from the Oregon section of www.paintcare.org.

Program materials were also delivered by the Oregon program manager to PaintCare drop-off sites during site visits. In 2016, PaintCare began tracking the distribution quantities of materials and number of items that are hand-delivered by the program manager. PaintCare distributed 4825 program brochures, 2950 mini cards, 287 fact sheets, and 3 counter mats in 2016. Copies of these outreach materials are included in the appendix.



Store Poster, Program Brochure, Counter Mat, Mini Card, Contractor and LVP Fact Sheets

POS Material Awareness Measurement

PaintCare worked with DEQ in 2016 on a strategy for measuring the effectiveness of POS outreach that proposed sampling retailers distributed across Oregon and measuring their awareness of their obligations under the paint stewardship law.

In November 2016, PaintCare sent a letter to every retailer in Oregon to remind them of their responsibility under the stewardship law to provide information at the time of sale, along with a supply of POS materials for this purpose. As part of this effort, stores were asked to return a postcard to confirm that they received the materials. PaintCare mailed 501 reminders, and received 122 confirmation postcards (24% response rate).

For retailers that prefer that all communication be sent to their corporate office electronically, rather than in the mail to their stores, PaintCare sent the materials by email. The email included samples of materials that could be ordered and an order form.

OTHER OUTREACH AND ADVERTISING

Website and Site Locator

PaintCare's website address is included in most PaintCare promotional materials. The website includes information on all aspects of the program. PaintCare has added new content for Store Right (tips for proper storage) and Pass It On (to promote reuse). PaintCare's site locator is kept up to date and provides a search engine for finding the closest PaintCare drop-off site by zip code, city, or street address.

Television and Online Video

PaintCare sponsored a segment about paint recycling for a PBS production to air in 2017 in all PaintCare states, including Oregon. PaintCare had planned further television and online video advertising, however, all television advertising was canceled in early 2016 to preserve program funds.

Radio Advertising

PaintCare had planned some radio advertising for 2016. All radio advertising was canceled in early 2016 to preserve program funds, except for radio spots that are placed by Lane County as part of that county's contract reimbursement provision.

Newspaper and Magazine Advertising

PaintCare had planned statewide print advertising in magazines for general awareness and using newspapers and mail circulars to list all drop-off sites in one type of print advertising. In early 2016, newspaper and magazine advertising was curtailed to accommodate a reduced communications budget. Eight newspaper ads were placed to welcome new drop-off sites and Tillamook County placed advertisements as part of that county's contract reimbursement provision.

Digital and Social Media

PaintCare uses paid social media (Facebook) advertising in Oregon. Started in Oregon, PaintCare's Facebook page continues to grow and has nearly 70,000 fans nationally, with about 5,000 from Oregon. All other digital advertisements were canceled.

POSTCONSUMER PAINT REDUCTION AND PUBLIC AWARENESS GOALS

Post-Consumer Paint Reduction

PaintCare and DEQ had previously agreed that additional research would be needed to establish a baseline and measurements of postconsumer paint reduction. In 2016, a national project team made up of state and local government representatives and led by PSI completed their work by agreeing to enlist a consultant for objective third-party research and validation. In 2017, the consultant will report back to DEQ and PaintCare on their findings and recommendations.

Public Awareness

In 2016, through an effort facilitated by PSI, PaintCare continued work with DEQ on a new survey that will provide a representative sample of public awareness of the program. Survey questions were drafted in Summer 2016 and the survey is being conducted in 2017. The results of this survey will be provided in next year's annual report.

2017 PLANNED OUTREACH

Point of Sale (POS) Materials

PaintCare will continue to provide POS materials as it did in 2016.

Other Outreach/Advertising

PaintCare's 2017 Oregon outreach will cover the following activities:

- ◆ A digital public relations campaign tied to public relations efforts to increase awareness of the benefits of the program during the month preceding the fee increase. If the fee increase is approved and scheduled for September 1, the campaign will run in August.
- ◆ Promotion of PaintCare drop-off events using direct mail, newspaper and digital advertising. For each PaintCare-sponsored paint drop-off event, PaintCare will work with its outreach firm to develop a specific plan that may include flyers, radio, newspaper, direct mail, and social media. The selection of media will be tailored to the location and available media opportunities. As part of the communication with local contacts, PaintCare will solicit suggestions for outreach for these events.
- ◆ Reimbursements to counties with outreach funding clauses in their contracts.

- ◆ Press release in April to announce the publication of the annual report and coincide with Earth Day.

While included in the 2017 communications budget, PaintCare is reserving the following activities until the new fee schedule is approved:

- ◆ Highly targeted digital media campaign, including: online display advertising, Native Display (ads that appear to be part of content on websites), Paid Social (paid Facebook ads)
- ◆ A print advertising campaign to list each drop off site in either newspaper or direct mail circular
- ◆ Sponsorship messages on Oregon Public Radio.

Appendix Section A

PAINTCARE DROP-OFF SITES

PAINTCARE SITES IN OREGON IN 2016 - PAGE 1

City	Site Name	Address	Type	Gallons
BAKER WASTESHED				2,314
Baker City	Artcraft Paint	2270 Main St	Retail	347
Baker City	Millers Home Center & Lumber	3815 Pocahontas Rd	Retail	593
Baker City	Thatchers Ace Hardware	2200 Resort St	Retail	1,054
Halfway	Halfway Mercantile	117 S Main St	PaintCare Event	320
BENTON WASTESHED				17,093
Corvallis	Habitat for Humanity ReStore	4840 SW Philomath Blvd	Reuse Store	3,451
Corvallis	[Janitorial]		LVP	142
Corvallis	Miller Paint	1405 NW Ninth St	Retail	1,783
Corvallis	Republic Services (Benton Co)	110 NE Walnut Blvd	HHW Event	8,170
Corvallis	Sherwin-Williams	2495 NW Ninth St	Retail	3,547
CLATSOP WASTESHED				6,297
Astoria	City Lumber	2142 Commercial St	Retail	2,598
Gearhart	Sherwin-Williams	3527 Hwy 101 N	Retail	3,699
COLUMBIA WASTESHED				11,242
Clatskanie	Clatskanie City Park (Columbia Co)	300 NE Park St	HHW Event	207
Rainier	Rainier City Park (Columbia Co)	690 West A St	HHW Event	144
Saint Helens	Habitat for Humanity ReStore	164 Little St	Reuse Store	404
Saint Helens	Waste Connections	1601 Railroad Ave	Transfer Station	9,643
Vernonia	Vernonia Hardware & Supply	1026 Bridge St	Retail	844
COOS WASTESHED				6,688
Coos Bay	Bayshore Paint	1026 N Bayshore Dr	Retail	3,438
Coos Bay	Coos County Beaver Hill Disposal	55722 Hwy 101	Transfer Station	1,728
Coos Bay	Habitat for Humanity ReStore	776 S Second St	Reuse Store	1,306
Coquille	Coquille Supply Inc	10054 Hwy 42	Retail	217
CROOK WASTESHED				3,283
Prineville	Crook County HHW & Landfill	300 NE Third St	Transfer Station	2,747
Prineville	Habitat for Humanity ReStore	1427 NW Murphy Ct	Reuse Store	187
Prineville	Parr Lumber	601 N Main St	Retail	350
CURRY WASTESHED				2,585
Brookings	Gold Beach Lumber	16016 Hwy 101 S	Retail	283
Brookings	Habitat for Humanity ReStore	616 Memory Ln	Reuse Store	258
Brookings	Kerr Ace Hardware Building Ctr	711 Chetco Ave	Retail	1,321
Gold Beach	Gold Beach Lumber	28680 Hunter Creek Loop	Retail	622
Port Orford	Gold Beach Lumber	1935 Oregon St	Retail	101
DESCHUTES WASTESHED				59,480
Bend	Denfeld Paints	2121 NE Division St	Retail	2,317
Bend	Habitat for Humanity ReStore	224 NE Thurston Ave	Reuse Store	8,878

PAINTCARE DROP-OFF SITES

PAINTCARE SITES IN OREGON IN 2016 - PAGE 2

City	Site Name	Address	Type	Gallons
Bend	Knott Landfill HHW	61050 SE 27th St	HHW Facility	5,110
Bend	Knott Landfill Recycling & TS	61050 SE 27th St	Transfer Station	19,999
Bend	[Painting Contractor]		RLVP	811
Bend	PPG Paints	955 SE Wilson Ave	Retail	851
Bend	Rodda Paint	63007 Layton Ave	Retail	1,460
Bend	Sherwin-Williams	125 NE Franklin Ave	Retail	7,067
La Pine	Habitat for Humanity ReStore	52684 Hwy 97	Reuse Store	140
La Pine	La Pine Ace Hardware	51615 Huntington Rd	Retail	2,664
Redmond	Denfeld Paints	641 NW Fir Ave	Retail	1,082
Redmond	Habitat for Humanity ReStore	1242 Hwy 97 S	Reuse Store	4,222
Redmond	Sherwin-Williams	2835 SW 17th Pl	Retail	3,003
Sisters	Habitat for Humanity ReStore	254 West Adams Ave	Reuse Store	258
Sisters	Luttons Ace Hardware	373 E Hood Ave	Retail	1,618

DOUGLAS WASTESHED 10,223

Myrtle Creek	Dels True Value Building Supply	102 S Old Pacific Hwy	Retail	508
Reedsport	Douglas County Courthouse (DEQ)	680 Fir Ave	HHW Event	161
Reedsport	Kel Cee Ace Hardware	1350 Hwy 101 S	Retail	215
Roseburg	Colorcraft Paint	2646 NE Diamond Lake Blvd	Retail	1,499
Roseburg	Douglas County Fairgrounds (DEQ)	2110 SW Frear St	HHW Event	2,010
Roseburg	Heartwood Resources	3495 Old Hwy 99 S	Reuse Store	2,509
Roseburg	Sherwin-Williams	287 NW Garden Valley Blvd	Retail	3,320

GRANT WASTESHED 862

John Day	Grant County Road Dept (DEQ)	27941 Lower Yard Rd	HHW Event	343
John Day	John Day True Value	161 E Main St	Retail	519

HARNEY WASTESHED 399

Burns	Parr Lumber	1 S Broadway Ave	Retail	399
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HOOD RIVER WASTESHED 4,462

Cascade Locks	Cascade Locks (Tri-County)	105 NE Herman Creek Dr	HHW Event	85
Hood River	Hood River Supply	1945 12th St	Retail	355
Hood River	Swell City Hometown Paint	1737 W Cascade Ave	Retail	1,111
Hood River	Tri County HHW Hood River	3440 Guignard Dr	HHW Facility	2,202
Odell	Hood River Supply	3831 Eagle Loop	Retail	25
Odell	Mid Valley Market (Tri-County)	3380 Odell Highway	HHW Event	211
Parkdale	Parkdale Fire Dept (Tri-County)	4895 Baseline Dr	HHW Event	472

JACKSON WASTESHED 34,190

Ashland	Miller Paint	2205 Ashland St	Retail	4,204
Ashland	Sherwin-Williams	2220 Ashland St	Retail	1,633
Medford	Drakes Paint and Supply	2929 N Pacific Hwy	Retail	3,922
Medford	Habitat for Humanity ReStore	2233 S Pacific Hwy	Reuse Store	7,789

PAINTCARE DROP-OFF SITES

PAINTCARE SITES IN OREGON IN 2016 - PAGE 3

City	Site Name	Address	Type	Gallons
Medford	Miller Paint	803 S Central Ave	Retail	5,872
Medford	Parr Lumber	1231 Disk Dr	Retail	1,442
Medford	PPG Paints	2720 Crater Lake Hwy	Retail	1,649
Medford	[School District]		RLVP	180
Medford	Sherwin-Williams	2560 Crater Lake Hwy	Retail	7,435
Shady Cove	Shady Cove Public Works	490 Nork Ln	PaintCare Event	65
JEFFERSON WASTESHED				725
Madras	Habitat for Humanity ReStore	84 SW K St	Reuse Store	132
Madras	Jefferson County Fire (DEQ)	765 S Fifth St	HHW Event	233
Madras	Madras Paint & Glass	1076 SW Hwy 97	Retail	360
Warm Springs	Warm Springs Transfer Station	6100 Dry Creek Trail Rd	Transfer Station	0
JOSEPHINE WASTESHED				8,878
Grants Pass	Miller Paint	1620 D Allen Creek Rd	Retail	2,629
Grants Pass	PPG Paints	310 NE Beacon St	Retail	1,823
Grants Pass	Sherwin-Williams	1072 Rogue River Hwy	Retail	4,426
KLAMATH WASTESHED				6,836
Klamath Falls	[Distributor]		LVP	244
Klamath Falls	Parr Lumber	111 S Spring St	Retail	215
Klamath Falls	Sherwin-Williams	4525 S Sixth St	Retail	6,378
LAKE WASTESHED				1,287
Fort Rock	Rockhorse Park	74543 Oregon 31	Retail	0
Lakeview	Lake County Road Dept (DEQ)	95574 Hwy 140 West	HHW Event	1,287
LANE WASTESHED				57,310
Cottage Grove	Cascade Home Center	50 S Fifth St	Retail	841
Cottage Grove	Habitat for Humanity ReStore	2155 Getty Circle	Reuse Store	20
Creswell	Cascade Home Center	104 S Mill St	Retail	502
Eugene	[Construction]		LVP	169
Eugene	Forrest Paint Retail Store	990 McKinley St	Retail	7,458
Eugene	Habitat for Humanity Restore	1210 Oak Patch Rd	Reuse Store	1,233
Eugene	Jerrys Home Improvement	2600 Hwy 99 N	Retail	4,849
Eugene	Lane County HHW	3100 E 17th Ave	HHW Facility	19,660
Eugene	Miller Paint	3520 W 11th Ave	Retail	1,683
Eugene	[Painting Contractor]		LVP	375
Eugene	Parr Lumber	4170 W First Ave	Retail	73
Eugene	PPG Paints	1830 W Seventh Ave	Retail	622
Eugene	Sherwin-Williams	1054 Green Acres Rd	Retail	8,597
Eugene	Tommys Paint Pot	1000 Conger St	Retail	1,916
Florence	Habitat for Humanity ReStore	2016 Hwy 101	Reuse Store	1,456
Florence	Lane County Waste Management	2820 N Rhododendron Dr	HHW Event	882

PAINTCARE DROP-OFF SITES

PAINTCARE SITES IN OREGON IN 2016 - PAGE 4

City	Site Name	Address	Type	Gallons
Springfield	Jerrys Home Improvement	2525 Olympic St	Retail	5,246
Springfield	Sherwin-Williams	1520 18th St	Retail	1,728
LINCOLN WASTESHED				6,207
Lincoln City	Lincoln Sanitary Service	1726 Hwy 101	Transfer Station	2,287
Newport	Sherwin-Williams	121 NE Harney St	Retail	1,072
Newport	Thompsons Sanitary Service	7450 NE Avery St	Transfer Station	928
Toledo	Dahl Sanitary Service	5441 W Hwy 20	Transfer Station	1,430
Waldport	Dahl Sanitary Service	235 SW Dahl Ave	Transfer Station	490
LINN WASTESHED				18,139
Albany	Albany Lebanon Sanitation (City/County)	1214 Montgomery St SE	HHW Event	1,170
Albany	Habitat for Humanity ReStore	1225 SE Sixth Ave	Reuse Store	5,153
Albany	Miller Paint	1350 Pacific Blvd	Retail	1,352
Albany	[Painting Contractor]		LVP	952
Albany	Parr Lumber	415 First Ave E	Retail	764
Albany	[Property Manager]		LVP	153
Albany	Sherwin-Williams	2945 SE Santiam Hwy	Retail	3,342
Harrisburg	Harrisburg High School (DEQ)	400 S Ninth St	HHW Event	453
Lebanon	Habitat for Humanity ReStore	566 Main St	Reuse Store	2,306
Lebanon	Old Crowfoot School (City/County)	410 Crowfoot Rd	HHW Event	573
Mill City	Santiam Elementary School (DEQ)	450 SW Evergreen St	HHW Event	150
Sweet Home	Hoys True Value Hardware	3041 Main St	Retail	1,342
Sweet Home	Sweet Home Sanitation (City)	1325 18th Ave	HHW Event	431
MALHEUR WASTESHED				2,176
Ontario	Kinney Bros & Keele True Value	460 SW Fourth Ave	Retail	1,270
Ontario	Sherwin-Williams	1289 SE First Ave	Retail	905
MARION WASTESHED				62,350
Hubbard	[Painting Contractor]		LVP	894
Keizer	[Retailer]		RLVP	87
Keizer	Sherwin-Williams	4669 River Rd N	Retail	2,305
Lincoln City	Habitat for Humanity ReStore	2150 SE Hwy 101	Reuse Store	236
Salem	Habitat for Humanity ReStore	1249 13th St SE	Reuse Store	476
Salem	Miller Paint	390 Lancaster Dr NE	Retail	914
Salem	Parr Lumber	4050 Salem Industrial Dr NE	Retail	47
Salem	Salem Keizer Recycling & TS	3250 Deer Park Dr SE	Transfer Station	51,385
Salem	Sherwin-Williams	1805 Lancaster Dr NE	Retail	3,005
Salem	Tommys Paint Pot	980 Lancaster Dr NE	Retail	141
Woodburn	G W Hardware	1525 N Pacific Hwy	Retail	767
Woodburn	Habitat for Humanity ReStore	245 Young St	Reuse Store	1,608

PAINTCARE DROP-OFF SITES

PAINTCARE SITES IN OREGON IN 2016 - PAGE 5

City	Site Name	Address	Type	Gallons
Woodburn	North Marion Recycling & TS	17827 Whitney Ln NE	Transfer Station	486
METRO WASTESHED				134,727
Various	Metro Neighborhood Collection Events			134,727
METRO WASTESHED (CLACKAMAS COUNTY)				46,361
Canby	Habitat for Humanity ReStore	411 S Redwood St	Reuse Store	1,993
Clackamas	Miller Paint	10210 SE Hwy 212	Retail	4,321
Clackamas	[Painting Contractor]		RLVP	3,253
Clackamas	Sherwin-Williams	11475 SE 82nd Ave	Retail	1,922
Estacada	Estacada True Value Hardware	310 S Main St	Retail	794
Happy Valley	Rodda Paint	10309 SE 82nd Ave	Retail	1,325
Lake Oswego	Miller Paint	544 N State St	Retail	7,308
Lake Oswego	Sherwin-Williams	15659 Boones Ferry Rd	Retail	4,460
Milwaukie	Sherwin-Williams	18090 SE McLoughlin Blvd	Retail	2,959
Oregon City	Metro South HHW Facility	2001 Washington St	HHW Facility	16,161
Oregon City	[Painting Contractor]		LVP	167
Sandy	Sandy Transit Operations (DEQ)	16610 Champion Way	HHW Event	578
Welches	Welches Mountain Building Supply	67250 E Hwy 26	Retail	639
West Linn	Parr Lumber	2351 SW Borland Rd	Retail	481
METRO WASTESHED (MULTNOMAH COUNTY)				94,736
Gresham	Boeing Corp	19000 NE Sandy Blvd	HHW Event	165
Gresham	[Construction]		LVP	411
Gresham	Miller Paint	1831 E Powell Blvd	Retail	9,810
Gresham	Sherwin-Williams	1740 E Powell Blvd	Retail	4,021
Portland	Colorhouse Paint	519 NE Hancock St	Retail	729
Portland	[Construction]		LVP	613
Portland	Dicks Color Center	909 SE Salmon St	Retail	2,365
Portland	Habitat for Humanity ReStore	10445 SE Cherry Blossom Dr	Reuse Store	13,584
Portland	[Health Care]		LVP	229
Portland	Metro Central HHW Facility	6161 NW 61st Ave	HHW Facility	15,018
Portland	Miller Paint	317 SE Grand Ave	Retail	13,969
Portland	Orchard Supply Hardware	4030 NE Halsey St	Retail	2,377
Portland	[Painting Contractor]		RLVP	603
Portland	Parkrose Hardware	10625 NE Sandy Blvd	Retail	4,557
Portland	Parr Lumber	6250 NE MLK Blvd	Retail	1,570
Portland	Powell Paint Center	5205 SE Powell Blvd	Retail	7,472
Portland	[Property Manager]		RLVP	401
Portland	Rodda Paint	321 SE Taylor St	Retail	3,756
Portland	Sherwin-Williams	2246 NW Roosevelt St	Retail	13,089
METRO WASTESHED (WASHINGTON COUNTY)				81,311

PAINTCARE DROP-OFF SITES

PAINTCARE SITES IN OREGON IN 2016 - PAGE 6

City	Site Name	Address	Type	Gallons
Aloha	[Painting Contractor]		LVP	269
Aloha	Suburban Ace Hardware	3470 SW 185th Ave	Retail	4,160
Beaverton	[Construction]		LVP	117
Beaverton	Habitat for Humanity ReStore	13475 SW Millikan Way	Reuse Store	10,673
Beaverton	[Painting Contractor]		RLVP	876
Beaverton	[Property Manager]		LVP	113
Beaverton	Rodda Paint	8614 SW Hall Blvd	Retail	5,579
Beaverton	Sherwin-Williams	12480 SW Center St	Retail	3,722
Forest Grove	Habitat for Humanity ReStore	3731 Pacific Ave	Reuse Store	431
Forest Grove	Parr Lumber	2134 NE Main St	Retail	1,333
Hillsboro	[Church]		LVP	134
Hillsboro	Miller Paint	646 SW Oak St	Retail	2,568
Hillsboro	[Painting Contractor]		LVP	658
Hillsboro	Parr Lumber	21700 NW Wagon Way	Retail	602
Hillsboro	Sherwin-Williams	348 SE Tenth Ave	Retail	5,249
North Plains	Jessie Mays Community Ctr (DEQ)	30975 NW Hillcrest St	HHW Event	287
Portland	Miller Paint	1040 NW Murray Rd	Retail	16,508
Portland	Orchard Supply Hardware	10860 SW Barnes Rd	Retail	927
Portland	Parr Lumber	4605 SW Scholls Ferry Rd	Retail	489
Portland	Sherwin-Williams	13555 NW Cornell Rd	Retail	4,307
Sherwood	[Construction]		LVP	226
Sherwood	Sherwin-Williams	20673 SW Roy Rogers Rd	Retail	4,286
Tigard	Orchard Supply Hardware	9770 SW Scholls Ferry Rd	Retail	2,641
Tualatin	[Painting Contractor]		LVP	147
Tualatin	Sherwin-Williams	19390 SW 90th Ct	Retail	15,009
MILTON-FREEWATER WASTESHED				692
Milton-Freewater	Humbert Recycling	54841 Hwy 332	PaintCare Event	692
MORROW WASTESHED				437
Boardman	Morrow County North TS	69900 Frontage Ln	Transfer Station	316
Lexington	Morrow County South TS	57185 Hwy 74	Transfer Station	121
POLK WASTESHED				1,737
Dallas	Polk County Public Works (Polk Co)	820 SW Ash	HHW Event	1,118
Independence	Riverview Park (Polk Co)	100 Main St	HHW Event	619
SHERMAN WASTESHED				300
Moro	Sherman Co Road Dept (Tri-County)	500 Court St	HHW Event	300
TILLAMOOK WASTESHED				4,070
Manzanita	CARTM Recycling	34995 Necarney City Rd	Retail	420
Pacific City	Pacific City True Value Hardware	34995 River Ave	Retail	114
Tillamook	Tillamook County HHW	1315 Ekloff Rd	HHW Facility	3,536

PAINTCARE DROP-OFF SITES

PAINTCARE SITES IN OREGON IN 2016 - PAGE 7

City	Site Name	Address	Type	Gallons
UMATILLA WASTESHED				6,711
Hermiston	Smittys Ace Hardware	1845 N First St	Retail	812
Hermiston	Umatilla Electric Cooperative	750 W Elm	PaintCare Event	732
Pendleton	Pendleton Convention Ctr (DEQ)	1601 Westgate	HHW Event	3,108
Pendleton	Sherwin-Williams	115 SE Emigrant Ave	Retail	2,059
UNION WASTESHED				3,151
La Grande	La Grande Paint & Glass	601 Adams Ave	Retail	449
La Grande	Millers Home Center & Lumber	307 Greenwood St	Retail	1,595
La Grande	Thatchers Ace Hardware	2212 Island Ave	Retail	1,107
WALLOWA WASTESHED				753
Enterprise	Enterprise Recycling Center	207 Fish Hatchery Ln	PaintCare Event	753
WASCO WASTESHED				4,346
Dufur	Dufur Ranger Station (Tri-County)	780 NE Court St	HHW Event	162
Maupin	Maupin Public Works (Tri-County)	203 Deschutes Ave	HHW Event	113
Mosier	Mosier Community School (Tri-County)	Third Ave	HHW Event	126
The Dalles	Habitat for Humanity ReStore	1001 W Sixth St	Reuse Store	638
The Dalles	Sawyers True Value	500 E Third St	Retail	447
The Dalles	Sherwin-Williams	521 Mount Hood St	Retail	726
The Dalles	Tri County HHW The Dalles	1317 W First St	HHW Facility	1,905
Tygh Valley	Former Mel's Sanitary (Tri-County)	57590 Yew Dr	HHW Event	229
WHEELER WASTESHED				44
Fossil	Fossil SW Transfer Station (DEQ)	17487 Black Butte Rd	HHW Event	44
YAMHILL WASTESHED				15,497
McMinnville	Habitat for Humanity ReStore	1040 SE First St	Reuse Store	4,425
McMinnville	Recology Western Oregon (Yamhill Co)	1850 Lafayette Ave	HHW Event	731
McMinnville	Sherwin-Williams	570 NE Hwy 99 W	Retail	3,428
Newberg	Parr Lumber	200 N Elliott Rd	Retail	1,213
Newberg	[Rehabilitation Facility]		LVP	48
Newberg	Sherwin-Williams	2508 Portland Rd	Retail	4,463
Newberg	WM Newberg TS (Yamhill Co)	2904 Wynooski Rd	HHW Event	1,188

Total Gallons in 2016

717,898

NOTES:

Sites with no value for "Gallons in 2016" had low participation and did not request a pick-up in 2016

LVP = Large Volume Pick-Up Site (without contract); RLVP = Recurring Large Volume Pick-Up Site (with contract).

Appendix Section B

PaintCare Inc.

Financial Statements
and Independent Auditors' Report

Twelve Month Period Ended December 31, 2016

PaintCare Inc.

Financial Statements
Twelve Month Period Ended December 31, 2016

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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 December 31, 2016, the related statements of activities and cash flows for the twelve month period 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 December 31, 2016, and the changes in its net assets and its cash flows for the twelve month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary 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.

Handwritten signature of Rogers & Company LLC in black ink.

Vienna, Virginia
March 29, 2017

PaintCare Inc.

Statement of Financial Position
December 31, 2016

Assets

Current assets:

Cash	\$ 11,352,676
Accounts receivable, net	4,629,251
Investments	32,374,147
Prepaid expenses	<u>84,847</u>

Total current assets	48,440,921
Property and equipment, net	<u>296,457</u>

Total assets	<u><u>\$ 48,737,378</u></u>
--------------	-----------------------------

Liabilities and Net Assets

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 5,380,494
Due to affiliate	<u>707,370</u>

Total liabilities	<u>6,087,864</u>
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Net Assets

Unrestricted	<u>42,649,514</u>
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Total net assets	<u>42,649,514</u>
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Total liabilities and net assets	<u><u>\$ 48,737,378</u></u>
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PaintCare Inc.

Statement of Activities
For the Twelve Month Period Ended December 31, 2016

Operating Revenue and Support

Paint recovery fees	\$ 59,330,378
Other income	114,137

Total operating revenue and support	59,444,515
-------------------------------------	------------

Expenses

Program and delivery services:

Oregon	4,843,757
California	30,271,474
Connecticut	2,833,700
Rhode Island	681,349
Minnesota	5,625,235
Vermont	718,878
Maine	1,180,482
Colorado	5,071,615
District of Columbia	148,652

Total program and delivery services	51,375,142
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General and administrative	4,136,264
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Total expenses	55,511,406
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Change in Net Assets from Operations	3,933,109
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Non-Operating Activities

Loss on disposal of property and equipment	(80,333)
Interest and dividend income	810,900
Net realized and unrealized gain on investments	439,166

Change in Net Assets	5,102,842
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Net Assets, beginning of period	37,546,672
--	------------

Net Assets, end of period	\$ 42,649,514
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PaintCare Inc.

Statement of Cash Flows
For the Twelve Month Period Ended December 31, 2016

Cash Flows from Operating Activities

Change in net assets	\$ 5,102,842
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	86,892
Net realized and unrealized gain on investments	(439,166)
Loss on disposal of property and equipment	80,333
Change in allowance for doubtful accounts receivable	(58,582)
Change in operating assets and liabilities:	
Increase in:	
Accounts receivable	1,471,252
Prepaid expenses	30,976
Increase (decrease) in:	
Accounts payable and accrued expenses	(2,439,641)
Due to affiliate	248,061
	<hr/>
Net cash provided by operating activities	4,082,967
	<hr/>
Cash Flows from Investing Activities	
Purchases of investments	(810,900)
Proceeds from sale of investments	118,711
Purchases of property and equipment	(5,536)
	<hr/>
Net cash used in investing activities	(697,725)
	<hr/>
Net Increase in Cash	3,385,242
Cash, beginning of period	7,967,434
	<hr/>
Cash, end of period	<u><u>\$ 11,352,676</u></u>

PaintCare Inc.

Notes to Financial Statements December 31, 2016

1. Nature of Operations

PaintCare Inc. (“PaintCare”), a not-for-profit 501(c)(3) organization, was created in October 2009 by the American Coatings 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 jurisdictions. 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. During 2015, PaintCare organized single-member limited liability companies (LLC) for the Oregon, Connecticut, and Rhode Island programs in an effort to shield the assets of each state program from liability stemming from acts and obligations of other PaintCare state programs.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

PaintCare’s financial statements are prepared on the accrual basis of accounting. Unrestricted net assets represent funds that are not subject to donor-imposed stipulations and are available for support of PaintCare’s operations. At December 31, 2016, all net assets were unrestricted.

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.

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 December 31, 2016, an allowance of \$13,122 was recognized.

PaintCare Inc.

Notes to Financial Statements December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at fair value, based on quoted market prices. All realized and unrealized gains and losses are included in the accompanying statement of activities.

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 and amortization are computed using the straight-line method over the estimated useful lives of the individual assets.

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, based on container size, according to the established fee schedule for each state program. 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 payments are due by the end of the month following the reporting period.

Revenue from all other sources is recognized when earned.

PaintCare Inc.

Notes to Financial Statements December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Communications Costs

PaintCare holds communication-related contracts for advertising, marketing, and consumer awareness. Communications costs are charged to operations when incurred. Communications expenses totaled \$6,275,502 for the twelve month period ended December 31, 2016.

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. Programs are categorized by the states where services are conducted.

Measure of Operations

PaintCare includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes realized and unrealized gains and losses on investments, interest and dividends, and loss on disposal of property and equipment.

Subsequent Events

In preparing these financial statements, PaintCare has evaluated events and transactions for potential recognition or disclosure through March 29, 2017, the date the financial statements were available to be issued.

3. Concentration of Credit Risk

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

PaintCare Inc.

Notes to Financial Statements December 31, 2016

4. Accounts Receivable

Accounts receivable related to the following programs were due as follows at December 31, 2016:

California	\$ 2,942,514
Colorado	472,301
Minnesota	373,845
Oregon	265,254
Connecticut	221,528
Maine	196,584
Rhode Island	57,640
District of Columbia	52,808
Vermont	59,899
	<hr/>
Total accounts receivable	4,642,373
Less: allowance for doubtful accounts	(13,122)
	<hr/>
Accounts receivable, net	<u><u>\$ 4,629,251</u></u>

5. Investments and Fair Value Measurements

PaintCare invests a portion of its accumulated surplus in a portfolio with Bank of America/Merrill Lynch. The sole objective of the portfolio is to earn a return equal to the rate of inflation and thus preserve the purchasing power of its capital. Interest, dividends, changes in market value, and other investment activities are allocated to each state program based on the relative net asset balances of each state program. Oversight of the investments is provided by the PaintCare Budget and Finance Committee and by the PaintCare Board of Directors.

PaintCare follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

PaintCare Inc.

Notes to Financial Statements December 31, 2016

5. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period.

In general, and where applicable, PaintCare uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. Level 2 inputs include government securities, which are valued based on quoted prices in less active markets.

The following table presents PaintCare's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Equities:				
Energy	\$ 276,294	\$ -	\$ -	\$ 276,294
Materials	242,497	-	-	242,497
Industrials	629,303	-	-	629,303
Consumer discretionary	1,008,268	-	-	1,008,268
Consumer staples	1,416,235	-	-	1,416,235
Health care	1,370,173	-	-	1,370,173
Financials	913,762	-	-	913,762
Information technology	987,365	-	-	987,365
Telecommunication service	329,869	-	-	329,869
Utilities	33,086	-	-	33,086
Mutual funds:				
Exchanged traded funds	2,186,781	-	-	2,186,781
Mid/small U.S. equity	375,552	-	-	375,552
Fixed income	4,303,977	-	-	4,303,977
Corporate bonds	5,889,552	-	-	5,889,552
Cash equivalents	608,834	-	-	608,834
Government securities:				
U.S. Treasury	-	7,411,772	-	7,411,772
U.S. Agency	-	4,390,827	-	4,390,827
Total investments	\$ 20,571,548	\$ 11,802,599	\$ -	\$ 32,374,147

PaintCare Inc.

Notes to Financial Statements December 31, 2016

5. Investments and Fair Value Measurements (continued)

Investment income consisted of the following for the twelve month period ended December 31, 2016:

Interest and dividend income	\$ 810,900
Net realized and unrealized gain	<u>439,166</u>
Total investment income	<u><u>\$ 1,250,066</u></u>

6. Property and Equipment

PaintCare held the following property and equipment at December 31, 2016:

Software	\$ 421,822
Less: accumulated depreciation and amortization	<u>(125,365)</u>
Property and equipment, net	<u><u>\$ 296,457</u></u>

7. Related Party

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[®] 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 charges PaintCare an administrative fee, annually, to cover the following expense categories: allocation of time incurred by PaintCare officers, allocation of other direct labor, and allocation of occupancy and infrastructure costs. The term of the agreement is for one year and automatically renews for one-year terms unless canceled by either party.

PaintCare Inc.

Notes to Financial Statements December 31, 2016

7. Related Party (continued)

For the twelve month period ended December 31, 2016, the total administrative fees charged by ACA to PaintCare were \$1,765,154. At December 31, 2016, PaintCare owed ACA \$707,370, which is recorded as due to affiliate in the accompanying statement of financial position.

8. Income Taxes

PaintCare is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 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.

SUPPLEMENTARY INFORMATION

PaintCare Inc.

Schedule of Activities, Organized by Program
For the Twelve Month Period Ended December 31, 2016

	Oregon	California	Connecticut	Rhode Island	Minnesota	Vermont	Maine	Colorado	District of Columbia	General and Administrative	Total
Operating Revenue and Support											
Paint recovery fees	\$ 4,665,094	\$ 35,335,484	\$ 3,692,824	\$ 945,742	\$ 5,461,855	\$ 749,398	\$ 1,596,111	\$ 6,778,509	\$ 105,361	\$ -	\$ 59,330,378
Other income	114,137	-	-	-	-	-	-	-	-	-	114,137
Total operating revenue and support	4,779,231	35,335,484	3,692,824	945,742	5,461,855	749,398	1,596,111	6,778,509	105,361	-	59,444,515
Expenses											
Program and delivery services:											
Collection support	20,627	2,990,073	365,298	95,368	460,906	72,043	144,114	498,367	21,937	-	4,668,733
Transportation and processing	4,532,993	21,367,002	1,836,663	456,335	4,726,037	563,672	801,171	3,516,020	15,209	-	37,815,102
Communications	73,004	4,644,544	468,523	89,798	250,737	10,765	73,203	644,074	20,854	-	6,275,502
Legal fees	4,922	68,089	7,269	4,297	-	-	5,417	-	522	-	90,516
State agency administrative fees	40,000	167,154	20,000	-	42,624	30,000	61,500	240,000	50,000	-	651,278
Other program expenses	172,211	1,034,612	135,947	35,551	144,931	42,398	95,077	173,154	40,130	-	1,874,011
Total program and delivery services	4,843,757	30,271,474	2,833,700	681,349	5,625,235	718,878	1,180,482	5,071,615	148,652	-	51,375,142
General and administrative:											
Legal fees	-	-	-	-	-	-	-	-	-	46,334	46,334
Management fees	-	-	-	-	-	-	-	-	-	1,765,154	1,765,154
Insurance	-	-	-	-	-	-	-	-	-	190,760	190,760
Other expense	-	-	-	-	-	-	-	-	-	2,134,016	2,134,016
Total general and administrative	-	-	-	-	-	-	-	-	-	4,136,264	4,136,264
Total expenses	4,843,757	30,271,474	2,833,700	681,349	5,625,235	718,878	1,180,482	5,071,615	148,652	4,136,264	55,511,406
Change in Net Assets from Operations	(64,526)	5,064,010	859,124	264,393	(163,380)	30,520	415,629	1,706,894	(43,291)	(4,136,264)	3,933,109
Non-Operating Activities											
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	-	(80,333)	(80,333)
Investment income	-	-	-	-	-	-	-	-	-	1,250,066	1,250,066
Change in Net Assets Before Allocation of G&A Activities and Investment Income	(64,526)	5,064,010	859,124	264,393	(163,380)	30,520	415,629	1,706,894	(43,291)	(2,966,531)	5,102,842
General and administrative allocation	(267,903)	(2,605,134)	(249,933)	(73,605)	(370,899)	(43,757)	(92,891)	(351,687)	(42,078)	4,097,887	-
Investment allocation	-	1,193,169	-	-	(55,318)	(21,112)	(13,986)	32,066	(3,463)	(1,131,356)	-
Total Change in Net Assets	(332,429)	3,652,045	609,191	190,788	(589,597)	(34,349)	308,752	1,387,273	(88,832)	-	5,102,842
Net Assets (Deficit), beginning of period	4,675	36,923,257	2,098,853	257,017	(1,277,932)	(648,787)	(463,922)	727,424	(73,913)	-	37,546,672
Net Assets (Deficit), end of period	\$ (327,754)	\$ 40,575,302	\$ 2,708,044	\$ 447,805	\$ (1,867,529)	\$ (683,136)	\$ (155,170)	\$ 2,114,697	\$ (162,745)	\$ -	\$ 42,649,514

Appendix Section C



Oregon Paint Stewardship Program

Each year about 650 million gallons of architectural paint is sold in the United States. Did you know that about 10 percent goes unused and is available for recycling?

Oregon's Paint Stewardship Law requires the paint manufacturing industry to develop a financially sustainable and environmentally responsible program to manage postconsumer architectural paint.

The program includes education about buying the right amount of paint, tips for using up remaining paint and setting up convenient recycling locations throughout the state.

Paint manufacturers established PaintCare, a nonprofit organization, to run paint stewardship programs in states with applicable laws.

PaintCare Products

These products have fees when you buy them and are accepted for free at drop-off sites:

- Interior and exterior architectural paints: latex, acrylic, water-based, alkyd, oil-based, enamel (including textured coatings)
- Deck coatings, floor paints (including elastomeric)
- Primers, sealers, undercoaters
- Stains
- Shellacs, lacquers, varnishes, urethanes (single component)
- Waterproofing concrete/masonry/wood sealers and repellents (not tar or bitumen-based)
- Metal coatings, rust preventatives
- Field and lawn paints

Leaking, unlabeled and empty containers are not accepted at drop-off sites.

⊘ Non-PaintCare Products

- Paint thinners, mineral spirits, solvents
- Aerosol paints (spray cans)
- Auto and marine paints
- Art and craft paints
- Caulk, epoxies, glues, adhesives
- Paint additives, colorants, tints, resins
- Wood preservatives (containing pesticides)
- Roof patch and repair
- Asphalt, tar and bitumen-based products
- 2-component coatings
- Deck cleaners
- Traffic and road marking paints
- Industrial Maintenance (IM) coatings
- Original Equipment Manufacturer (OEM) (shop application) paints and finishes

For information about recycling and proper disposal of non-PaintCare products, please contact your garbage hauler, local environmental health agency, household hazardous waste program or public works department.



Recycle

with PaintCare



OREGON

Places to Take Old Paint

Paint recycling is more convenient with PaintCare. We set up paint drop-off sites throughout Oregon. To find your nearest drop-off site, use PaintCare's search tool at www.paintcare.org or call our hotline at (855) 724-6809.

How to Recycle

PaintCare sites accept all brands of old house paint, stain and varnish — even if they are 20 years old! Containers must be five gallons or smaller, and a few types of paint are not accepted. See back panel for a list of what you can recycle.

All PaintCare drop-off sites accept up to five gallons of paint per visit. Some sites accept more. Please call the site in advance to make sure they can accept the amount of paint you would like to recycle.

Make sure all containers of paint have lids and original labels, and load them securely in your vehicle. Take them to a drop-off site during their regular business hours. We'll take it from there.



What Happens to the Paint?

PaintCare will make sure that your leftover paint is remixed into recycled paint, used as a fuel, made into other products or properly disposed.

Who Can Use the Program?

People bringing paint from their homes can bring as much latex or oil-based paint as the site is willing to accept.

Businesses (painting contractors and others) can use this program with one restriction: If your business produces more than 220 pounds (about 20-30 gallons) of hazardous waste per month, you may use the drop-off sites for your latex paint only but not for your oil-based paint. Contact PaintCare to learn more about this restriction.

Large Volume Pick-Up

If you have at least 300 gallons of paint to recycle at your business or home, ask about our free pick-up service. Please call for more details or to request an appointment.

PaintCare Fee

PaintCare is funded by a fee paid by paint manufacturers for each can of paint they sell in the state. Manufacturers pass the fee to retailers, who then apply it to the price of paint. Stores can choose whether or not to show the fee on their receipts. Fees are based on the size of the container as follows:

- \$ 0.00 Half pint or smaller
- \$ 0.35 Larger than half pint and smaller than 1 gallon
- \$ 0.75 1 Gallon
- \$ 1.60 Larger than 1 gallon up to 5 gallons

Not a Deposit

The fee is not a deposit — it is part of the purchase price. The fees are used to pay the costs of running the program: recycling, public education, staffing and other expenses.

Contact Us

To learn more or find a drop-off site, please visit www.paintcare.org or call (855) 724-6809.

Mini Card



**It's easy to recycle
your leftover paint,
stain and varnish.**

Recycle with PaintCare

Find a drop-off site near you:
(855) 724-6809 • www.paintcare.org

**Buy right.
Use it up.
Recycle the rest.**

Manufacturers of paint created PaintCare, a nonprofit organization, to set up convenient places for you to recycle leftover paint. We're working to provide environmentally sound and cost-effective recycling programs in your state and others with paint stewardship laws.

LEARN MORE

Visit www.paintcare.org or follow us on Facebook for tips on how to buy the right amount of paint, store paint properly, use up leftover paint, and find a drop-off site. We also have a free pick-up service for businesses or households with at least 300 gallons of paint to recycle.



Oregon Paint Recycling Program

About the PaintCare Program

PAINTCARE

PaintCare is a non-profit 501(c)(3) organization, established by the American Coatings Association to implement paint stewardship programs on behalf of paint manufacturers in states that adopt a paint stewardship law.

PAINTCARE PRODUCTS

These products have fees and will be accepted at PaintCare-partnering drop-off sites:

- Latex paints (acrylic, water-based)
- Oil-based paints (alkyd)
- Stains
- Primers and undercoaters
- Shellacs, lacquers, varnishes, urethanes
- Deck and floor paints
- Sealers and waterproofing coatings for wood, concrete and masonry

⊘ NON-PROGRAM PRODUCTS

- Paint thinners and solvents
- Aerosol paints (spray cans)
- Auto and marine paints
- Paint additives, colorants, tints, resins
- Wood preservatives (containing pesticides)
- Tar, asphalt, and bitumen-based products
- 2-component coatings
- Coatings used for Original Equipment Manufacturing or shop application
- Any non-coatings (caulk, spackle, cleaners, etc.)

FEES

The "PaintCare Fee" is applied to the purchase price of architectural paint sold in the state as required by state law. Fees are based on container size as follows:

Half pint or less	\$ 0.00
More than half pint to less than 1 gallon	\$ 0.35
1 gallon	\$ 0.75
More than 1 gallon up to 5 gallons	\$ 1.60

For more information or to find a place to take your unwanted paint for recycling, please ask for the PaintCare brochure.

www.paintcare.org • (855) 724-6809



Recycle with PaintCare

Counter Mat



WE CAN HELP Recycle YOUR PAINT

www.paintcare.org

PAINT RECYCLING MADE EASY

Paint manufacturers formed PaintCare, a nonprofit organization, to make paint recycling more convenient, cost effective, and environmentally sound. Paint doesn't belong in the trash or down the drain. If you can't use it up, recycle it with PaintCare.

We're setting up locations in your state where you can bring old paint for free all year-round.

PAINTCARE PRODUCTS

(YOU CAN RECYCLE THESE)

These products have fees when you buy them and are accepted for free when you drop them off for recycling:

- Water-based paints (latex, acrylic)
- Oil-based paints (alkyd)
- Stains
- Primers
- Varnishes
- Shellacs
- Lacquers
- Urethanes
- Deck paints
- Floor paints
- Sealers
- Waterproofing coatings

NON-PAINTCARE PRODUCTS

Leaking, unlabeled, and empty containers are not accepted.

- Paint thinners and solvents
- Aerosol paints (spray cans)
- Auto and marine paints
- Paint additives, colorants, tints, resins
- Wood preservatives (containing pesticides)
- Asphalt, tar, and bitumen-based products
- 2-component coatings
- Coatings used for Original Equipment Manufacturing or shop application
- Any non-coatings (caulk, spackle, cleaner, etc.)

PROGRAM FUNDING

The PaintCare Fee is applied to the purchase price of architectural paint sold in your state as required by law. Fees are based on container size:

Half pint or smaller	\$ 0.00
Larger than half pint to smaller than 1 gallon	\$ 0.35
1 gallon	\$ 0.75
Larger than 1 gallon up to 5 gallons	\$ 1.60

LEARN MORE

Please ask for a PaintCare program brochure, visit www.paintcare.org, or call (855) 724-6809.



Information for Painting Contractors

UPDATED — NOVEMBER 2016

Oregon's Paint Stewardship Program began in July 2010.

Oregon's paint stewardship law requires paint manufacturers to set up and operate a paint stewardship program for the state. This program is funded by a fee on each container of architectural paint sold in the Oregon. The program sets up drop-off sites at retail stores and other locations across the state where households and businesses are able to take most types of leftover paint for recycling, free of charge.

Paint Stewardship

The American Coatings Association (ACA) worked with various stakeholders interested in the management of postconsumer paint to develop a Paint Stewardship Program in the United States. PaintCare Inc. is a nonprofit organization established by ACA to implement the program on behalf of paint manufacturers in states that adopt paint stewardship laws. PaintCare has programs in eight states (California, Colorado, Connecticut, Maine, Minnesota, Oregon, Rhode Island, and Vermont) and the District of Columbia.

The main goals of the program are to decrease paint waste and recycle more postconsumer paint by setting up convenient drop-off sites in each PaintCare state.



Fees and Funding

As required by state law, a paint stewardship assessment (PaintCare Fee) must be added by manufacturers to the wholesale price of all architectural paint sold in the state. This fee is paid by manufacturers to PaintCare to fund setting up drop-off sites for leftover, postconsumer paint, and for the transportation, recycling, and proper disposal of that paint. The fees also pay for consumer education and program administrative costs. Fees may vary from state to state. Oregon fees per container are as follows

\$ 0.00 – Half pint or smaller

\$ 0.35 – Larger than half pint and smaller than 1 gallon

\$ 0.75 – 1 Gallon

\$ 1.60 – Larger than 1 gallon to 5 gallons

IMPORTANT: PaintCare has submitted a proposal to increase fees on or after April 1, 2017. Once approved, fees will be \$0.00, \$0.45, \$0.95, and \$1.95, including changes to the size categories (\$0.95 will be for 1-2 gallons). Please visit www.paintcare.org/OR for updates.

The law also requires that each distributor and retailer include the PaintCare Fee with their sale price of architectural paint. Displaying the fee on invoices and receipts is not mandatory for distributors or retailers; however, PaintCare encourages them to show the fee and list it as PaintCare Fee to aid in customer education.

Notice for Painting Contractors

It is expected that contractors will pass the fees on to their customers in order to recoup the fees they pay.

When estimating jobs, contractors should take these fees into account by checking with your suppliers to make sure the quotes for paint products include the fees. You should also let your customers know that you will be including these fees in your quotes.

Paint Drop-Off Sites

PaintCare has established more than 170 paint drop-off sites across Oregon. Most drop-off sites are paint stores. Other sites include certain solid waste transfer stations, recycling centers, and government-sponsored household hazardous waste programs. Participation as a drop-off site is voluntary.

Use of Retail Drop-Off Sites by Businesses

Retail drop-off sites provide a convenient and no cost recycling option for painting contractors and other businesses. Businesses that generate less than 220 pounds of hazardous waste* per month will be able to use these sites to recycle all PaintCare products (both water and oil-based) with some restrictions on quantities per month.

Larger businesses (those that generate more than 220 pounds of hazardous waste per month) may use the drop-off sites for their water-based PaintCare products only; they are not able to use the sites for oil-based paint or other solvent-based products.

**220 pounds is about 20-30 gallons of paint. When counting how much hazardous waste you generate in a month, oil-based paint counts (because by law it is a hazardous waste), but latex and other water-based paint does not count toward the 220 pound monthly total.*



Pick-Up Service for Large Volumes

Businesses with at least 300 gallons of postconsumer paint to recycle may qualify to have their paint picked up by PaintCare at no additional cost. To learn more about this service or to request an appointment, please visit www.paintcare.org/pickup or call (855) 724-6809.

Contact

Jeremy Jones
West Coast Program Manager
(503) 410-1648
jjones@paint.org

What Products Are Covered?

The products accepted at PaintCare drop-off sites are the same products that have a fee when they are sold. PaintCare Products include interior and exterior architectural coatings sold in containers of five gallons or less. However, they do not include aerosol products (spray cans), industrial maintenance (IM), original equipment manufacturer (OEM), or specialty coatings.

PAINTCARE PRODUCTS

- ◆ Interior and exterior architectural paints: latex, acrylic, water-based, alkyd, oil-based, enamel (including textured coatings)
- ◆ Deck coatings, floor paints
- ◆ Primers, sealers, undercoaters
- ◆ Stains
- ◆ Shellacs, lacquers, varnishes, urethanes
- ◆ Waterproofing concrete/masonry/wood sealers and repellents (not tar or bitumen-based)
- ◆ Metal coatings, rust preventatives
- ◆ Field and lawn paints

NON-PAINTCARE PRODUCTS

- ◆ Paint thinners, mineral spirits, solvents
- ◆ Aerosol paints (spray cans)
- ◆ Auto and marine paints
- ◆ Art and craft paints
- ◆ Caulking compounds, epoxies, glues, adhesives
- ◆ Paint additives, colorants, tints, resins
- ◆ Wood preservatives (containing pesticides)
- ◆ Roof patch and repair
- ◆ Asphalt, tar, and bitumen-based products
- ◆ 2-component coatings
- ◆ Deck cleaners
- ◆ Traffic and road marking paints
- ◆ Industrial Maintenance (IM) coatings
- ◆ Original Equipment Manufacturer (OEM) (shop application) paints and finishes



DO YOU HAVE AT LEAST 300 GALLONS OF PAINT?

Large Volume Pick-Up (LVP) Service

UPDATED — NOVEMBER 2016

PaintCare offers a free pick-up service to painting contractors, property managers, and others with large amounts of leftover architectural paint.

Who is PaintCare?

PaintCare Inc. is a nonprofit organization established by the American Coatings Association to operate paint stewardship programs on behalf of paint manufacturers in states that pass paint stewardship laws.

Paint Drop-Off Sites

In states with a paint stewardship program, PaintCare's primary effort is to set up conveniently located drop-off sites—places where residents and businesses may take their unwanted paint for no charge. Sites set their own limits on the volume of paint they accept from customers per visit (usually from five to 20 gallons). To find a drop-off site near you, please use PaintCare's site locator at www.paintcare.org or call (855) 724-6809.

Large Volumes Pick-Ups

For those who have accumulated a large volume or stockpile of paint, PaintCare also offers a pick-up service. Large volume means at least 300 gallons, measured by container size (not content). On a case-by-case basis, PaintCare may approve a pick-up for less than 300 gallons if there are no drop-off sites in your area. After two or three pick-ups, you may be switched to a recurring service (see next page).

Drums and Bulked Paint Are Not Accepted

PaintCare only accepts paint in containers that are five gallons or smaller in size. Leave paint in original cans with original labels; do not combine or bulk paint from small cans into larger ones. If you have unwanted paint in drums or containers larger than five gallons, please contact a licensed paint recycling company or a hazardous waste transportation company to assist you.

HOW TO REQUEST A LARGE VOLUME PICK-UP

1. Sort and count your paint

We need to know the number of each container size and the type of products you have, sorted into two categories: (1) water-based paints and stains and (2) oil-based paint and stains and any other program products (sealers and clear top-coat products, such as varnish and shellac).

2. Fill out the LVP Request Form and send it in

Fill out a paper or electronic version of the "Large Volume Pick-Up Request Form" and return it to PaintCare by email, fax, or regular mail. (Visit www.paintcare.org/forms or call PaintCare for the form.)

Scheduling

After reviewing your form, PaintCare staff will either approve your site for a pick-up or inform you of the best place to take your paint if you do not meet the volume requirement. If approved, you will be put in contact with our licensed hauler to schedule a pick-up. It may be several weeks before your pick-up occurs.

On the Day of Your Pick-Up

Sort your products into the two categories noted above and store them in an area that has easy access. *Paint must be in original containers and not leaking.* If the paint is a far distance from where the hauler parks, the path between should be at least four feet wide to accommodate movement of the boxes.



Please plan to have staff available to pack the paint cans into the boxes. The hauler may be able to provide some assistance, but we require your staff to be present and provide labor to pack boxes. Once your paint is properly packed and loaded onto the hauler's truck, you will sign a shipping document and receive a copy for your records. Your paint will then be taken to an authorized processing facility for recycling.

Recurring Service for Large Volume Users

For businesses that generate large volumes of unwanted paint on a regular basis, a service for recurring direct pick-ups is available. With this service, you will be provided with empty bins, then request a pick-up when at least three bins are filled. PaintCare will provide onsite training on how to properly pack the paint, and you will be required to sign a contract with PaintCare.

Limits on Businesses

If your business generates more than 220 lbs. (20-30 gallons depending on the type) of hazardous waste per month or your business has accumulated more than 2,200 lbs., you may use PaintCare's programs (drop-off sites and the pick-up service) for water-based program products only. You will not be able to use the program for oil-based products.

If your business generates less than 220 lbs. of hazardous waste per month and you have not accumulated more than 2,200 lbs. of hazardous waste, you may use PaintCare programs for both water-based program products and oil-based program products. As a business, you will need to certify that you meet this requirement.

Note: When calculating how much hazardous waste you generate in a month, do not count latex paint.

If You Have Products We Don't Accept

The program does not accept all paints (such as aerosols and automotive finishes) or other hazardous waste. If you have solvents, thinners, pesticides, or any non-PaintCare products (see list to right), we recommend that residents contact their local household hazardous waste (HHW) program. Some HHW programs allow businesses to use their program for a modest fee. Otherwise, businesses should contact a licensed hazardous waste transportation company.

What Products Are Covered?

The products accepted at PaintCare drop-off sites are the same products that have a fee when they are sold. PaintCare Products include interior and exterior architectural coatings sold in containers of five gallons or less. However, they do not include aerosol products (spray cans), industrial maintenance (IM), original equipment manufacturer (OEM), or specialty coatings.

PAINTCARE PRODUCTS

- ◆ Interior and exterior architectural paints: latex, acrylic, water-based, alkyd, oil-based, enamel (including textured coatings)
- ◆ Deck coatings, floor paints
- ◆ Primers, sealers, undercoaters
- ◆ Stains
- ◆ Shellacs, lacquers, varnishes, urethanes
- ◆ Waterproofing concrete/masonry/wood sealers and repellents (not tar or bitumen-based)
- ◆ Metal coatings, rust preventatives
- ◆ Field and lawn paints

NON-PAINTCARE PRODUCTS

- ◆ Paint thinners, mineral spirits, solvents
- ◆ Aerosol paints (spray cans)
- ◆ Auto and marine paints
- ◆ Art and craft paints
- ◆ Caulking compounds, epoxies, glues, adhesives
- ◆ Paint additives, colorants, tints, resins
- ◆ Wood preservatives (containing pesticides)
- ◆ Roof patch and repair
- ◆ Asphalt, tar, and bitumen-based products
- ◆ 2-component coatings
- ◆ Deck cleaners
- ◆ Traffic and road marking paints
- ◆ Industrial Maintenance (IM) coatings
- ◆ Original Equipment Manufacturer (OEM) (shop application) paints and finishes

XXXXXXX

Appendix Section D

Appendix D. PaintCare Events for 2017 – Page 1

County	City/Area	PaintCare Funded Event Held/Planned	Locally Funded Event Held/Planned	Event Offered, No Event Held/Planned	Date	Location	Notes
Baker	Halfway	X			8/18/17	Mercantile Store	Coordinating with Mercantile Store to determine event date, time.
Benton				X			Determined that future events in underserved areas would be impracticable and not cost effective. PaintCare is in communication with county contacts on how best to address. DEQ concurs.
Clackamas				X			After exploring potentially underserved areas, determined that population centers are covered by existing sites and events. DEQ concurs.
Clatsop				X			Representative of Clatsop County determined that there is no need for an event in their county and that population centers are well covered by existing sites, with permanent HHW facility opening in late 2017. DEQ concurs.
Columbia	Clatskanie, Rainier	X			5/20/17, 10/7/17		Columbia County sponsored, PaintCare funded events will be held in Clatskanie and Rainier.
Coos				X			Representative of Coos and Curry counties determined there is no need for an event in their county; population centers are well covered. DEQ concurs.
Crook				X			Due to low turnout in 2015, determined that future events in

Appendix D. PaintCare Events for 2017 – Page 2

County	City/Area	PaintCare Funded Event Held/Planned	Locally Funded Event Held/Planned	Event Offered, No Event Held/Planned	Date	Location	Notes
							underserved areas would be impracticable and not cost effective. PaintCare is in communication with county contacts on how best to address. DEQ concurs.
Curry				X			Representative of Coos and Curry counties determined there is no need for an event in their county; population centers are well covered. DEQ concurs.
Deschutes				X			Deschutes County Solid Waste Department determined there is no need for an event in their county; population centers are well covered. DEQ concurs.
Douglas	Yoncalla	X			6/3/17		Following an event held in Reedsport in 2015, a permanent collection site became active, therefore no events are needed. DEQ concurs. A DEQ-sponsored, PaintCare funded event will be held in Yoncalla.
Gilliam				X			Due to low turnout in 2015, determined that future events in underserved areas would be impracticable and not cost effective. County contacts indicated interest in exploring permanent drop off sites in underserved areas. PaintCare is

Appendix D. PaintCare Events for 2017 – Page 3

County	City/Area	PaintCare Funded Event Held/Planned	Locally Funded Event Held/Planned	Event Offered, No Event Held/Planned	Date	Location	Notes
							pursuing this possibility. DEQ concurs.
Grant				X			Due to low turnout in 2015, determined that future events in underserved areas would be impracticable and not cost effective. PaintCare is in communication with county contacts on how best to address. DEQ concurs.
Harney				X			County officials and local DEQ field rep. advised against event outside of Burns/Hines. DEQ concurs.
Hood River	Parkdale, Cascade Locks	X			4/22/17, 6/17/17		Tri-County Solid Waste Department determined that there isn't a need for an additional event in their county; population centers are well covered. DEQ concurs. Tri-County sponsored, PaintCare funded events will be held in Parkdale, Cascade Locks.
Jackson	Shady Cove	X			7/22/17	Shady Cove Public Works	Coordinating with county contact to determine event date, time.
Jefferson				X			After exploring potentially underserved areas, determined that population centers are covered by existing sites and events. DEQ concurs.
Josephine	Cave Junction	X			October 2017	TBD	Coordinating with county contact to determine event date, time, and location.

Appendix D. PaintCare Events for 2017 – Page 4

County	City/Area	PaintCare Funded Event Held/Planned	Locally Funded Event Held/Planned	Event Offered, No Event Held/Planned	Date	Location	Notes
Klamath				X			After exploring potentially underserved areas, determined that population centers are covered by existing sites and events. DEQ concurs.
Lake	Lakeview	X			6/4/17	Lake County Road Department	9am – 2pm
Lane	Lowell	X			2017		Lane County Waste Management Division determined that there isn't a need for an additional event in their county; population centers are well covered. DEQ concurs. A Lane County sponsored, PaintCare funded event will be held in Lowell.
Linn				X			A small underserved area borders Marion County, however covering this area is considered not practicable or cost effective due to low turnout. PaintCare is in communication with county contacts on how best to address. DEQ concurs.
Malheur				X			Due to low turnout in 2015, determined that future events in underserved areas would be impracticable and not cost effective. PaintCare is in communication with county contacts on how best to address. DEQ concurs.

Appendix D. PaintCare Events for 2017 – Page 5

County	City/Area	PaintCare Funded Event Held/Planned	Locally Funded Event Held/Planned	Event Offered, No Event Held/Planned	Date	Location	Notes
Marion				X			A small underserved area borders Linn County, covering this area is considered not practicable or cost effective due to low turnout. PaintCare is in communication with county contacts on how best to address. DEQ concurs.
Morrow				X			Morrow County Solid Waste Department determined that there is not a need for an additional event in their county; population centers are well covered. DEQ concurs.
Polk	Willamina Dallas, Independence	X			May and October		Yamhill and Polk counties have an underserved area near Willamina. An event in this area will cover both counties. Coordinating with county contact to determine event date, time, and location. DEQ concurs. County sponsored, PaintCare funded events will also be held in Dallas and Independence.
Sherman	Moro	X			5/5/17		Tri-County Solid Waste Dept. determined that there is not a need for an additional event in their county; population centers are well covered. DEQ concurs. A Tri-County sponsored, PaintCare funded event will be held in Moro.
Tillamook				X			Due to establishing permanent sites in Manzanita and Pacific City,

Appendix D. PaintCare Events for 2017 – Page 6

County	City/Area	PaintCare Funded Event Held/Planned	Locally Funded Event Held/Planned	Event Offered, No Event Held/Planned	Date	Location	Notes
							local representative said no event is needed. DEQ concurs.
Umatilla	Milton-Freewater	X			8/19/17	Humbert Refuse and Recycling	Coordinating with Humbert Refuse to determine event date, time.
Union				X			PaintCare is in the process of establishing the City of Elgin as a permanent collection site, which will remove the need for an event. DEQ concurs.
Wallowa	Enterprise	X			8/5/17	Enterprise Recycling Center	Coordinating with county contact to determine event date, time
Wasco	Maupin, Mosier and Tygh Valley	X			2017	Public Works Department (Maupin), Mosier Community School (Mosier), Tygh Valley	Tri-County Solid Waste Dept. determined that there is not a need for an additional event in their county; population centers are well covered. DEQ concurs. Tri-County sponsored, PaintCare funded events will be held in Maupin, Mosier and Tygh Valley.
Wheeler				X			Determined that future events in underserved areas would be impracticable and not cost effective. County contact indicated interest in exploring permanent drop off sites in underserved areas. PaintCare is pursuing this possibility. DEQ concurs.
Yamhill	Willamina	X			TBD		Yamhill and Polk counties have an underserved area near Willamina. An event in this area will cover both counties. Coordinating with

Appendix D. PaintCare Events for 2017 – Page 7

County	City/Area	PaintCare Funded Event Held/Planned	Locally Funded Event Held/Planned	Event Offered, No Event Held/Planned	Date	Location	Notes
							county contact to determine event date, time, and location. DEQ concurs.

NOTE: Lincoln, Multnomah and Washington Counties have coverage via permanent drop-off locations.

Appendix Section E

DEQ Comments on 2016 Oregon Paint Stewardship Program Annual Report

DEQ has reviewed the Annual Report submitted 4/1/17, and has comments organized by Report section. For clarity, comments below labeled as “**Suggested**” are optional items to aid in readability; those labeled “Correction” or “**Required**” are mandatory changes.

PaintCare responses submitted June 9, 2017, in purple.

Cover

Correction: **Please change “Solid Waste Policy and Program Development” to “Materials Management Program”, and street address to 700 NE Multnomah St., Suite 600, Portland, Oregon 97232**

This change has been made.

Executive Summary

Page 4, 2016 Highlights--

Suggested: In the first bullet point, specify the number of one-day drop off events.

This change has been made.

Consider adding a highlight point related to Habitat for Humanity (see comment regarding page 22). Consider adding to the highlights a page reference to more detailed discussions of the highlighted issue.

We are sensitive to the concerns expressed by Habitat for Humanity in stakeholder comments and we sincerely value and appreciate their dedication and partnership. We have followed up with H4H personally to reassure them that nothing has changed in our partnership, and to reiterate our commitment to reuse. Based on their favorable response, we believe we have directly addressed their concerns. We will highlight our partnership more prominently in the 2017 annual report.

Section 1

Page 6, Table 1—

Suggested: Add a column to show total tons by sector for current year.

The approximate distribution of volume by sector for 2016 is:

Retailers: 43.7%

HHW & Solid Waste Facilities: 40.4%

HHW/Municipal Sponsored Events: 3.6%

Reuse Stores: 10.3%

Large Volume Pickups: 1.7%

PaintCare-Sponsored Events: 0.3%

Pages 6-8, Convenience Level—

Suggested: for context, add in the first sentence that the 96.3% figure provided by PaintCare represents successfully meeting the 95% minimum requirement in the statute.

This change has been made.

Suggested: The maps on pages 7 & 8 have significant overlap, with no narrative link to either. We suggest removing the map on page 7, and showing all collection locations using the map on page 8, but placing it instead in the Appendices, as suggested in the Annual Report Checklist.

The content of the maps is described in the narrative on the page preceding the maps (page 6). To expand on this, the maps intend to first show the placement of the permanent sites and then the overall drop-off network, inclusive of event sites – as a complement to the the data in Table 1.

Page 9, Underserved Areas, paragraph 2—

Correction: **The text refers to “The appendix”, but does not identify it as Appendix D. Please cite the correct appendix.**

This change has been made.

Page 10, Transportation, paragraph 1—

Suggested: To aid the reader, when referring readings to a different document here and elsewhere, include the page numbers of the document (pages 21-22 of the Program Plan in this instance).

This change has been made.

Page 11, Reuse—

Required: Please provide details to help the reader understand the success of the reuse program, including the volume of paint sent to Metro and other locations for reuse, how the volume of paint sent for reuse in 2016 compares to prior years, and PaintCare strategy to expand reuse opportunities.

Since the beginning of the program, reuse has increased from 3% to 7% of total volume. The change over time is detailed on page 16. The strategy we employ to expand reuse opportunities is mentioned on in part on page 11, where we describe a “reuse before recycling” approach with large volume referrals. To expand on this, PaintCare continues its “reuse before recycling” approach in the field by encouraging all program partners and potential participants to keep reuse stores top of mind for referrals, and reminding that reuse stores accept paint donations that keep usable paint in the community, while also acting as a drop-off site.

Section 2

Page 12, Paint Volume—

Correction: **Please adjust the page reference for “Reconciling Volumes.” Report says page 16, actually on page 15 now (but may move after revisions).**

This change has been made.

Page 13, Deriving Processed Volume—

Required: Please provide the amounts provided by each entity.

Metro	390,703
SES	144,687
Reuse Stores	36,716

Marion County	17,915
Clean Harbors	8,654
Tillamook County	1,489
LCHA	880

Page 14, Deriving Collected Volume by Site/Event—

Correction: **Please site the Appendix at the end of the first sentence. Please adjust the numbering in the Stericycle section; the numbers skip from (4) to (6).**

This change has been made.

Discuss why over 52,000 fewer gallons were collected in 2016 when compared to 2015 (Table 5).

With other collection factors have remaining relatively static, PaintCare attributes the decline in gallons collected to two factors:

- 300 fewer bins collected in 2016
- 8% decrease in Stericycle bin weight, likely the result of scale recalibration by Stericycle in 2016

PaintCare has asked its service providers to review their measurement practices as part of an ongoing effort to reconcile volumes collected and processed. Stericycle reported that it weighed program bins using two scales attached to forklifts. At PaintCare’s request, Stericycle tested both scales and found that that there was a difference of approximately 10% between the weights reported by each scale. In March 2016, Stericycle replaced the forklift scales with a single calibrated floor scale.

Stericycle stated to PaintCare that it cannot quantify the impact of its previous measurement practices on data before the scale change. However, they do believe that the directional change in volume is directly linked to introduction of the new scale.

We are inclined to agree based on Stericycle’s observed bin weights before and after the change. Bins in the 14-month period from January 2015 to February 2016 averaged 750 pounds, while bins from March 2016 to December 2016 averaged 689 pounds, a difference of -8%.

PaintCare believes that 15,000 gallons of the decrease is attributable to 300 fewer bins collected and the scale recalibration is responsible for the remaining 37,000 gallons.

Page 16, Paint Disposition—

Correction: **Table 7 shows reuse at 7%, however paragraph three says reuse reached 6 percent. Please reconcile.**

Paragraph 3 refers to oil-based paint reuse, and matches the corresponding data in Table 7. There is no correction needed.

Page 17, Latex Paint Recycling Rate Goal—

Suggested: Cite the pages in the Program Plan on how the paint goal was determined, so there is meaning to the 67% stated goal.

This change has been made.

Required: Please discuss why the latex recycling rate dropped by 6% and steps anticipated to improve the recycling rate. Please include actions to improve latex paint recycling, if any, PaintCare is taking independent of Metro or in assisting Metro in its efforts.

The recycling rate reported by Metro was 63% in 2015 and 61% in 2016, a decrease of 2%. The recycling rate is dependent on Metro's ability to market its paint, which PaintCare does not control. PaintCare is currently participating in conversations between Metro and municipal partners in Oregon interested in providing paint in unmarketable tints to their community. PaintCare views this as a promising avenue to improve the latex paint recycling rate. We will keep DEQ and all interested stakeholders updated on progress of this initiative.

Page 17, Container Recycling—

Required: Please describe efforts PaintCare is taking with the industry to address improving markets or developing recyclable containers.

Oregon program containers are recycled to the extent feasible by Metro. Their ability to do so is subject to variables in container condition and broader recycling market conditions which go beyond PaintCare's scope of influence. PaintCare is not involved with container manufacturing or product development.

Section 3

Page 18, Revenue—

Required: Please specify the source of "other income" to the program. Does this consist of any other income besides payments from Metro?

Metro is the sole source of "other income" to the program.

Pages 20 – 21 Unallocated Reserve Fund Discussion/Evaluation of the Operation of the Program's Funding Mechanism—

Required: Provide context in this section on the imbalance between revenues and expenses that led PaintCare to request the assessment fee increase. Please provide specific examples in changes in program costs from 2015 to 2016 to better understand why the program ran a deficit of over \$300,000. Identify deviations from budget projections, particularly since PaintCare reports at page 21 that expenses were reduced by 8.1%.

At the end of 2013, there were 100 drop-off sites in the program. In late 2014, the Oregon program increased its convenience level as required by statute, adding 21% more sites. With these new sites, 96% of all Oregon residents were within 15 miles of a drop-off location. At the end of 2015, there were a total of 167 sites. This increase in sites has permanently increased the amount of paint collected. This fundamental shift changed the core cost of the program to such a degree that it has necessitated a request a fee schedule increase from DEQ to continue to meet the public's demand for the program.

In 2015, the program spent \$850,000 more than it took in. While operations expenses increased by \$100,000 (driven by paint reuse/recycling/disposition activities of the program and largely beyond its control), PaintCare made a sincere and considered effort to contain costs by paring back communication and administrative costs by more than \$500,000 compared to 2015. This enabled the program to come in \$280,000 under its original projections in the 2016 budget. However, because of variable costs

associated with persistently high paint collection volumes, the program still spent \$330,000 more than it received in revenue.

PaintCare's 2016 budget projected revenues of \$4,791,068. The actual revenue for 2016 was \$4,779,231, accurate to within 0.25%. The Oregon program has correctly understood its revenue and expense picture for some time and has worked closely with its board and DEQ to take short-term measures to contain costs and to demonstrate a clear-eyed perception of its financial history and future.

Page 20, final line, please clarify that the PaintCare fee schedule request is for September 2017.

This change has been made, updated to Nov. 1.

Page 22, Program Cost-Effectiveness—

Suggested: Provide a more detailed discussion of the partnership with Habitat for Humanity. How is this partnership part of the cost effective implementation of the PaintCare program? Was recycled paint donated to Habitat? This partnership sounds like a positive outcome from the program that merits discussion in greater detail.

We are very proud of our partnership with Habitat for Humanity and will highlight this in next year's report.

Pages 20-23, Tables 9 and 12—

Suggested: A year to year comparison of 2016 expenses and the 2017 budget will be easier if the data in Table 9 is included alongside the data in Table 12.

We will consider this suggestion for inclusion in next year's report.

Required: Please explain the basis for the anticipated increases in Operations, Communications, and Administrative Costs from 2016 to 2017. Please discuss each of these three program areas independently and with specificity.

Operations: PaintCare has budgeted for an increase of roughly 6% increase on paint processing and transportation costs based on the anticipation of increased volumes of paint transported and processed by Stericycle and Metro.

Communications: There is presently no anticipated increase in communications costs in 2017.

Administrative: PaintCare is expected to pay an additional \$38,200 to compensate DEQ's contractor for its 2017 performance audit of the program. PaintCare has also budgeted for a \$33,000 increase in the administrative costs of implementing the program that are shared across all states, which is allocated proportionally to Oregon based on population.

Section 4

Page 25, Point of Sale Material Awareness Measurement—

Required: Discuss the plan to follow up with the 76% of retailers who did not confirm knowledge of their obligation to provide information about the paint stewardship program to consumers at the time of sale.

In tandem with site visits from summer 2017 forward, PaintCare plans to visit retailers across Oregon and receive confirmation from among the 76% who did not respond to our request to confirm knowledge of their obligation.

Page 25, Television and Online Video—

Suggested: Details on the PBS segment, i.e, what program, when did/will it air?

PaintCare was featured on *Next Home*, a PBS program that is currently offered to OPB stations for broadcast. We will advise if we hear of an upcoming air date.

Page 26, Post-Consumer Paint Reduction—

Required: What amount is budgeted to implement the study referenced in this section for 2017? In which expense category are research expenses included in the budget? Please provide details giving the reader a better understanding of what the consultant was tasked to do or cite the pages in the Program Plan Amendment.

The amount budgeted to implement the study referenced in this section is \$10,000 and is part of the Administrative expense category. Details on the project are contained on pages 4-5 of the program plan amendment “Reducing Post-Consumer Paint” (<https://www.oregon.gov/deq/FilterDocs/Paint-reducingpaint.pdf>).

Page 26, Public Awareness—

Correction: **To reduce confusion, either 1) remove the last paragraph regarding survey results that are not relevant to this goal being omitted, or 2) amend the sentence to indicate that the results from any current or previous non-probability based surveys that PaintCare conducts are not recognized by Oregon DEQ as valid metrics of Public Awareness and will no longer be reported in Annual Reports.**

This change has been made.

Appendices

Appendix B—

Required: The auditor’s report identifies the Oregon program as organized as a single-member limited liability company. In PaintCare’s response to the October, 2016 Warning Letter, as well as in subsequent discussions at the end of 2016, PaintCare stated that this corporate structure had not been implemented. What is the current status of the Oregon Program’s corporate structure? What are the plans for the LLC that was established?

The change to the program’s corporate structure has not been implemented. The plan for the LLC is to eventually become the stewardship entity of record, as previously discussed with DEQ. PaintCare plans to submit a request to be reviewed by DEQ, and no further steps will be taken until DEQ has an opportunity to review PaintCare’s request.