

2011

# Description of the Oregon Pilot Program Paint Stewardship Organization

Prepared for: PPSI Evaluation Committee and  
PMAP 8900 Public Service Capstone

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## Executive Summary

The U.S. Environmental Protection Agency (EPA) estimates that approximately 10 percent of all paint purchased in the United States becomes leftover unused paint, costing local governments in the United States a half a billion dollars per year to manage. In addition, retailers and manufacturers also manage millions of gallons of leftover paint per year. Beginning in 2003, the Product Stewardship Institute (PSI) has coordinated discussions with the U.S. EPA, state and local governments, manufacturers, retailers, paint recyclers, paint contractors, and environmental/consumer advocates with the goal of developing a financially and environmentally sustainable paint management system aimed at reducing the volume of leftover paint, as well as increasing the reuse and recycling of leftover paint. The national dialogue resulted in the establishment of an industry-funded Paint Stewardship Organization (PSO) in 2007, responsible for collecting and managing leftover paint through the use of a consumer fee added to the cost of architectural paint. In 2009, Oregon became the first state to implement a law requiring the Paint Stewardship Organization to manage leftover architectural paint state-wide by July 1, 2010.<sup>1</sup>

In 2007, a Memorandum of Understanding (MOU) was signed by the Paint Product Stewardship Initiative (PPSI) participants who agreed to work collaboratively to achieve six goals in relation to the pilot program.<sup>2</sup> One of those goals was to measure and evaluate the performance of the pilot program and use the results of the evaluation to improve the existing program in Oregon, as well as guide other states that may implement similar programs. The PPSI established an evaluation committee to facilitate the design and documentation of the evaluation methodology, including evaluation questions. Evaluation Question #2 requires a description of the Paint Stewardship Organization including an assessment of the funding mechanism and infrastructure of the Oregon Pilot Program, as well as any lessons learned in the implementation and operation of the program. The methodology for evaluating the Oregon Pilot Program, including an interactive information graphic of the Oregon Paint Management System is available at the Oregon Paint Stewardship Program website (See **Figure 1-1**).<sup>3</sup>

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<sup>1</sup> Full text of the bill is available at: <http://www.leg.state.or.us/09reg/measpdf/hb3000.dir/hb3037.en.pdf>

<sup>2</sup> 2007 MOU: [http://www.productstewardship.us/associations/6596/files/2nd\\_Paint\\_MOU--FINAL\\_10-24-07.pdf](http://www.productstewardship.us/associations/6596/files/2nd_Paint_MOU--FINAL_10-24-07.pdf)

<sup>3</sup> <http://www.paintstewardshipprogram.com>

To assess the funding mechanism and infrastructure of the PSO as it relates to the Oregon Pilot Program the evaluation committee developed three primary research questions:<sup>4</sup>

1. What factors contributed to its infrastructure choices?
2. Was the funding mechanism clearly defined, transparent, and complete?
3. What are the lessons learned?

In conjunction with the Environmental Protection Agency (EPA) and its contractor, Eastern Research Group, Inc. (ERG), the evaluation team created an interview questionnaire and conducted telephone interviews with 8 participants who were involved in the implementation, current operation, and oversight of the Oregon Pilot Program. The goal of these interviews is to obtain information to assess the current funding mechanism and infrastructure of the Oregon Program, as well as detail any lessons learned throughout the implementation process. In addition to conducting interviews, data was gathered and analyzed from Oregon Legislation, Oregon Pilot Program documentation made available by the PSI, PaintCare Inc. (hereafter PaintCare), the Oregon Department of Environmental Quality, and EPA and ERG.

Key findings from this assessment of the PSO include:

- A contracted organization acts as program manager;
- Respondents suggest improvements to outreach and education delivery mechanisms;
- Communications startup costs were higher than projected;
- Collection site locations are largely dependent upon existing infrastructure and retail store locations;
- Respondents report retail locations experience benefits from participation;
- Agencies existing prior to program operation perform transportation and processing services;
- Respondent's views on the concept and level of transparency achieved in the program vary; and,
- Revenue generated utilizing the current assessment rates is expected to cover program costs.

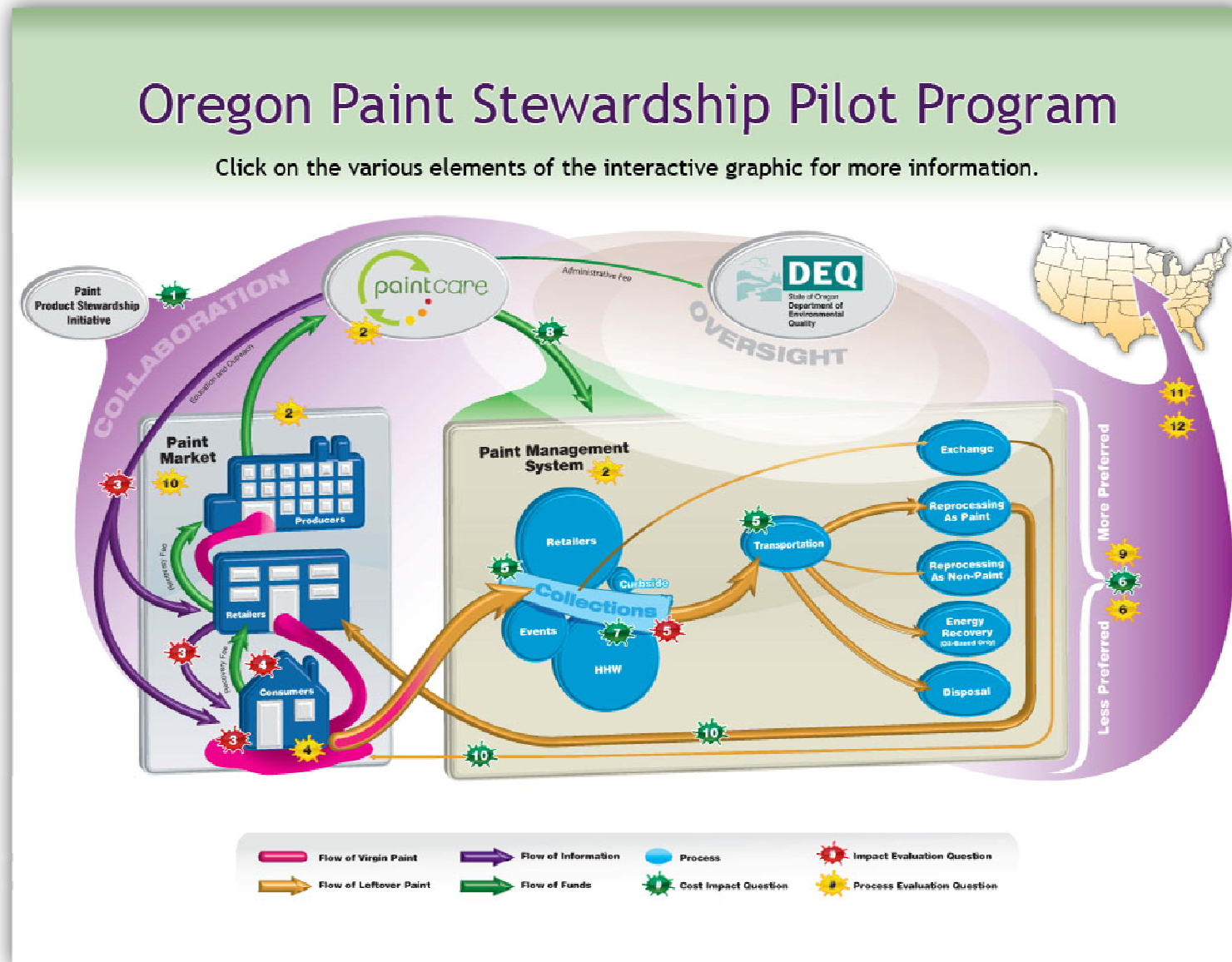
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<sup>4</sup> Full methodology document including all evaluation questions is available at:  
[http://www.paintstewardshipprogram.com/images/pe\\_evaluation\\_methodology\\_10\\_14\\_10.DOC](http://www.paintstewardshipprogram.com/images/pe_evaluation_methodology_10_14_10.DOC)

In addition to the key findings of this evaluation, lessons learned reported by interviewees in regards to infrastructure choices and the funding mechanism are documented to conclude this report. These are identified to improve the program in Oregon and provide information for other states that may develop similar programs. Summary of lessons learned are:

- A strong existing household hazardous waste program provided a stable foundation to improve upon;
- Multiple vendors participating in a request for proposals process helped contain costs;
- Incorporating existing HHW efforts proved successful;
- Providing realistic timeframes for implementing new collections efforts and coordinating with multiple agencies is essential;
- Graduated fees based on container size as opposed to flat fees proves beneficial;
- Requiring retailers to line item the recovery fee on all receipts is suggested;
- Clearly stating the level of public disclosure of financial information required of the PSO within legislation is suggested;
- Considering concessions for contractors/trade painters is suggested; and,
- Paying collection sites to increase the coverage of the program to rural areas and retailer participation in the program is suggested.

**Figure 1-1: Information Graphic of the Oregon Paint Stewardship Pilot Program**



Source: <http://www.paintstewardshipprogram.com/>



## Key Players of the Oregon Pilot Program:

**American Coatings Association (ACA)** is the organization that formed the Paint Stewardship Organization. ACA is a voluntary, nonprofit trade association working to advance the needs of the paint and coatings industry and the professionals who work in it. The organization represents paint and coatings manufacturers, raw materials suppliers, distributors, and technical professionals [1].

**PaintCare Inc.** is the industry non-profit association formed by the ACA as the Paint Stewardship Organization for the purpose of operating the program. PaintCare is a non-profit corporation incorporated in the state of Delaware and registered to do business in Oregon.

**Product Care Association** was engaged by PaintCare to develop, implement, and manage the Oregon paint stewardship program. Product Care is a not-for-profit industry-sponsored association that manages product stewardship programs for paint and other household hazardous and special waste, predominantly in Canada.

**Oregon DEQ** is the state agency charged with approving the PSO program plan, including the recovery fee, and responsible for program oversight and enforcement. Oregon's paint law requires the PSO to pay the Agency a fee for DEQ administrative costs.

**Bradshaw Advertising Inc.** is the communications firm that was contracted by PaintCare to develop and implement an outreach and education strategy for the program.

**Phillips Services Corp (PSC)** is contracted by PaintCare to transport latex paint from collection sites (except for Portland Metro sites) to PSC's sorting facility in Washougal, Washington. Sorted useable paint is transported from there to Portland Metro's recycled paint facility. PSC also transports any collected oil-based paint to facilities for energy recovery or proper disposal at licensed facilities for the management of hazardous waste.

**Portland Metro** is the selected vendor to consolidate the useable latex paint into recycled paint. At its facility it separates paint by color, blends paint of similar colors, and re-packages used paint for sale. Portland Metro provides transport services between Metro collection sites and the Metro recycled paint facility, where the sorting step to assess the paint also takes place.

**Amazon Environmental Inc.** reprocesses non-usable waste paint into a cement additive called Processed Latex Pigment (PLP). Non-usable latex paint and surplus paint that Portland Metro cannot process due to capacity constraints may be transported to Amazon Environmental Inc. for use in non-paint products. It may also be transported to landfills for disposal.

**Source:** EPA and ERG. Method for Evaluating the PPSI's Oregon Pilot Program (2010).

# 1 Introduction

## 1.1 Problem Statement

It is estimated that 10 percent of the more than 750 million gallons of architectural paint sold each year in the United States is unused. As a result, leftover paint is the largest component of household hazardous waste in the United States [2]. At an estimated \$8 per gallon management cost, local governments spend approximately \$500 million per year in the management of leftover paint, while manufacturers and retailers are also burdened with the task of managing millions of gallons of unused paint each year.

In response to this problem, the Product Stewardship Institute (PSI) initiated a national dialogue in 2003, with paint manufacturers, retailers, recyclers, contractors, consumers, environmental advocates, and all levels of government, forming the Paint Product Stewardship Initiative (PPSI). The goal of the PPSI is to develop leftover paint management solutions that are both financially and environmentally sustainable [3]. As a result of PPSI negotiations, the American Coatings Association, acting on behalf of paint manufacturers, formed the industry financed Paint Stewardship Organization (PSO), PaintCare, with the goal of providing end-of-life management of leftover architectural paint.

The Oregon Paint Stewardship law was enacted on July 23, 2009, establishing a paint stewardship pilot program in the state of Oregon. PaintCare was then directed to implement and operate a statewide system for the collection of post-consumer latex and oil-based architectural paint in containers of 5 gallons or less throughout Oregon, serving as a demonstration for other states that may roll out similar paint stewardship programs. A key component of the PPSI is the creation of the Paint Product Stewardship Evaluation Committee for the purpose of evaluating the Oregon Pilot Program which began operation in July 2010.

The PPSI Evaluation Committee developed 12 evaluation questions pertaining to the Oregon Pilot Program.<sup>5</sup> The second of 12 evaluation questions proposed by the committee is to describe the Paint Stewardship Organization, including its funding mechanism and infrastructure. This work has been conducted by Wes Bledsoe, Eric Graves, and Andrei Roman, candidates for the Master of Public Administration degree of the Andrew Young School of Policy Studies at Georgia State University. The project was conceived and offered to multiple graduate schools including GSU by the PPSI Evaluation Team. A GSU professor chose to offer the project as a capstone and the GSU team chose this project for the

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<sup>5</sup> [http://www.paintstewardshipprogram.com/images/pe\\_evaluation\\_methodology\\_10\\_14\\_10.DOC](http://www.paintstewardshipprogram.com/images/pe_evaluation_methodology_10_14_10.DOC)

fulfillment of requirements for a concentration in Public Management and Finance degree. The GSU team reviewed documents made available by PSI, PaintCare, Oregon DEQ, EPA and ERG, as well as Oregon stewardship legislation. Next, the team conducted detailed interviews with staff from the Oregon Department of Environmental Quality, PaintCare, Portland Metro, and Product Care; these interviewees are staff members from agencies that were involved in the implementation of the program, as well as current operation and oversight. Geographic Information Systems (GIS) mapping displaying the relationship between collection site locations and Oregon population is incorporated into the project to improve the communication of findings and recommendations to the readers of this evaluation.

The results of this study will provide information on how the PSO was formulated and funded and how it functions. The designs and lessons learned may be valuable for making adjustments in Oregon to improve the program and to other states implementing similar programs.

## 1.2 Objectives

The purpose of this analysis is to describe the infrastructure and funding mechanism of the PSO as it relates to the Oregon Pilot Program. To analyze these components of the program the Evaluation Committee seeks to answer three primary research questions:

1. What factors contributed to its infrastructure choices?
2. Was the funding mechanism clearly defined, transparent, and complete?
3. What are the lessons learned?

To determine the factors that contributed to the infrastructure choices of the PSO the team analyzed 4 components of infrastructure: education and outreach, collections, transportation, and processing. Questions relating to these infrastructure components are incorporated in the interview questionnaire used in this evaluation. Data collection consisted of content analysis of PSO documents and program information obtained in interviews.

The Evaluation Committee developed working definitions to assess the funding mechanism concepts detailed in the second research question and incorporated these definitions into the interview questionnaire used for this evaluation. The working definitions are as follows:

- **Clarity**—The extent to which the funding source for the PSO is clearly defined in implementing legislation, rules, and program documentation.

- **Transparency**—The extent to which a member of the public could track how the funding is being used by the PSO.
- **Completeness**—The extent to which PSO funding covers the expenses for operating the PSO.

The GSU team collected data from responses to interview questions about the meaning of each concept in the context of the funding mechanism, and the respondent’s perception of the extent to which the Oregon pilot program funding mechanism meets each of these definitions. The evaluation team documented any reported lessons learned pertaining to infrastructure choices and the funding mechanism of the program. Lessons learned are to be utilized to improve the current program in Oregon, and serve as a guide for other states that may implement similar stewardship programs. **Figure 1-2** presents the evaluation design as proposed.

**Figure 1-2: Evaluation Design Matrix**

Evaluation Question	Key Audiences	Measures	Data Sources	Frequency
<b>2. Describe the Paint Stewardship Organization (PSO), including its funding mechanism and infrastructure.</b>	<ul style="list-style-type: none"> <li>• OR Legislature</li> <li>• OR DEQ</li> <li>• PPSI</li> <li>• Roll-out states</li> <li>• PSI</li> <li>• Retailers</li> <li>• Product stewardship community</li> </ul>	<ul style="list-style-type: none"> <li>• Narrative of PSO development and operation</li> <li>• Factors affecting infrastructure choices</li> <li>• GIS representation of infrastructure in relation to demographic information</li> <li>• Clarity</li> <li>• Transparency</li> <li>• Completeness</li> </ul>	PSO documents; Interviews with OR DEQ staff, PaintCare staff	Within 6 months of the program start

**Source:** EPA and ERG. Method for Evaluating the PPSI’s Oregon Pilot Program (2010).

## [2.0 Methods and Procedures](#)

### [2.1 Interview Sample](#)

The interviews target participants who were directly involved in implementation and are currently involved in the operation of the program. Specifically, those interviewed participate in the areas of management and operations (PaintCare and Product Care),

oversight (Oregon DEQ), and the operation of the infrastructure (Portland Metro and Product Care). The participants ranged from local and state government agencies to two industry-sponsored associations. A total of 8 staff members from these 4 agencies were interviewed.

## 2.2 Period of Study

The period of study lasted from January 2011 to May 2011. This includes research of program documentation, the creation of an interview questionnaire, and completion of interviews. All interviews were conducted in March and April 2011.

## 2.3 Data Collection and Analysis

Data was collected through review of PSO documents and Oregon Legislation, as well as the completion of detailed phone interviews with 8 stakeholders that are highly involved in the implementation, operation, and oversight of the Oregon Pilot Program. In conjunction with the EPA and ERG, a detailed interview questionnaire was created specifically related to the areas of infrastructure and the funding mechanism of the program. Each was conducted by phone, and all but two were recorded and transcribed for accuracy. See Appendix I for the interview questionnaire.

Hedrick Strickland, a Duke University Graduate Student, created and provided all GIS mapping incorporated into this document. This analysis conveys the location of collection sites of the Oregon Pilot Program to Oregon 2000 census population. The 2010 census demographics were not yet available at the time this report was created. Further, the collection site locations listed in the GIS analysis are sites that were in operation as of January 24, 2011.

## 3.0 PSO Infrastructure Choices

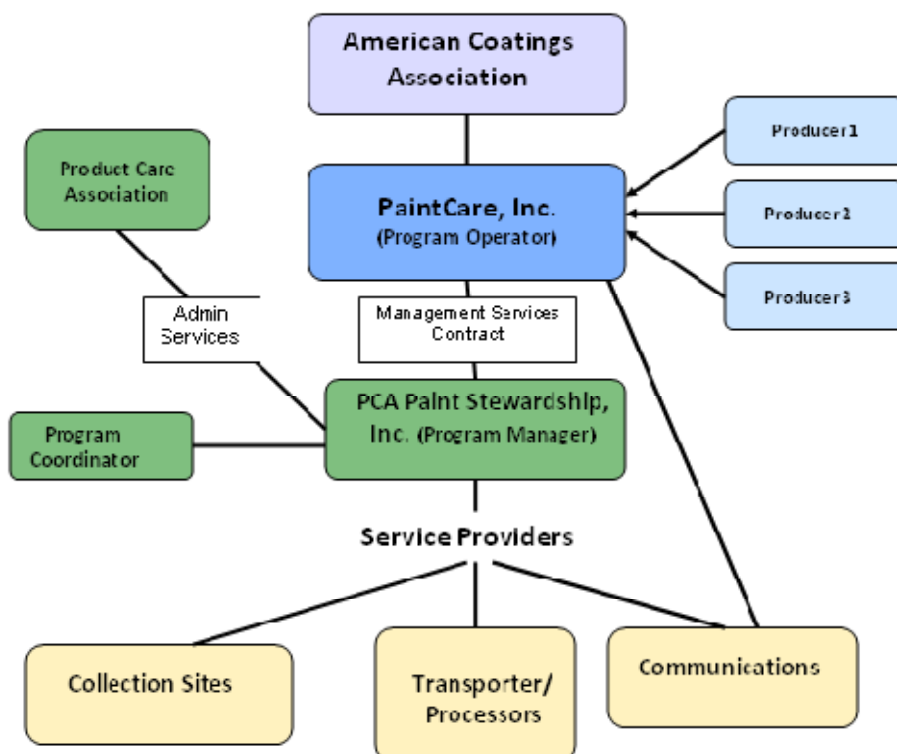
### 3.1 Overview of the PSO

PaintCare is a 501(c) (3) non-profit paint stewardship organization created by the American Coatings Association (ACA) in 2007 to manage the reuse, recycling and proper disposal of unused paint. As the paint manufacturer's stewardship organization, PaintCare is mandated by Oregon Paint Stewardship Law to implement an industry led end-of-life management program for post-consumer paint in Oregon. A PaintCare staff member

described the organization as a “non-profit, non-advocacy, for the good of the public organization.” The organization is incorporated in the state of Delaware and registered to do business in Oregon. PaintCare consists of ACA staff members that hold a separate Board of Directors for PaintCare.

PaintCare has contracted out the implementation and project management of the Oregon Program to Product Care Association, a non-profit industry association based in British Columbia, Canada that manages product stewardship programs for paint and for other household hazardous and special waste for its members in Canada. Product Care has 15 years of experience in the hazardous waste field managing similar programs. This experience was relied on by PaintCare to ensure a successful implementation of the Oregon program. In addition to its involvement in the formulation of the program, Product Care is involved in the current day to day operations of the program with staff members located in Oregon performing mostly infrastructure related tasks such as education and outreach, monitoring of collections, etc. The organization of PaintCare and the Oregon pilot program is presented below in **Figure 3-1**.

**Figure 3-1: Program Organizational Chart**



**Note:** Product Care Association has incorporated PCA Paint Stewardship, Inc., an Oregon nonprofit, to manage Program delivery services.

**Source:** PaintCare Inc. *Oregon Paint Stewardship Pilot Program Plan (2010)*.

The Oregon Department of Environmental Quality (DEQ) is directed by Oregon legislation to provide oversight of the Oregon Pilot Program. Specifically, the Oregon DEQ is responsible for review, oversight, and approval of the program. This agency approves the assessment rate, as well as the infrastructure choices made by PaintCare. Therefore, PaintCare is required to report program information to the Oregon DEQ. As stated under Section 6 of Oregon HB 3037:

“No later than September 1, 2011, and by September 1 of each subsequent year, a stewardship organization must submit a report to the Director of the Department of Environmental Quality describing the architectural paint stewardship pilot program approved by the director under section 4 of this 2009 Act. At a minimum, the report must contain:

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

In addition, the Director of the Oregon Department of Environmental Quality is required to submit a report to the Oregon Legislative Assembly no later than October 1, 2011, describing the results of the paint stewardship pilot program along with recommendations for whether the program should be made permanent and any modifications necessary for improvement.

Currently the Oregon Pilot Program is mandated to operate until June 30, 2014. The Oregon Legislative Assembly will then decide if the program should continue to operate. See appendix II for Oregon House Bill 3037.

## 3.2 Outreach and Education

The initial phase of the Oregon Paint Pilot Program implementation process consisted of outreach and education. Section 4, subsection (4) of Oregon HB 3037 mandates that, “a stewardship organization shall promote the architectural paint stewardship pilot program and provide consumers with educational materials describing collection opportunities for post-consumer architectural paint and information promoting waste prevention, reuse and recycling. The educational materials must also make consumers aware that funding for the operation of the architectural paint stewardship pilot program has been added to the purchase price of all architectural paint sold in this state.”

In order to promote the program with educational materials the stewardship organization hired the communications firm Bradshaw Advertising. In seeking a communications firm that was familiar with the paint industry, PaintCare initially created a list of five potential firms based on recommendations from ACA members and the Pacific Northwest Paint Council. These five agencies were contacted and Bradshaw Advertising was one of three agencies to respond with proposals for educating consumers about the pilot program. Bradshaw Advertising was deemed by PaintCare to be not the least expensive, but the most experienced, knowledgeable, and prepared to begin implementing an education strategy in the timeliest manner of the three responding agencies.

According to the PaintCare program plan submitted to the Oregon DEQ prior to program implementation, Bradshaw Advertising created a communications strategy consisting of seven components:<sup>6</sup>

1. Building awareness of the program among consumers.
2. Identifying what products are included in the program.
3. Identifying collection site locations.
4. Emphasizing the negative environmental impact if leftover paint is not managed properly.
5. Emphasizing the purchase of the correct amount of paint in order to reduce the amount of leftover paint.
6. Promoting the reuse of leftover paint.
7. Promoting the recycling and proper disposal of leftover paint.

To achieve the objectives outlined in this strategy, the PSO utilized a number of delivery mechanisms. Bradshaw Advertising is responsible for printing outreach materials, and the PSO is responsible for storing and delivering these materials to collections sites to promote

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<sup>6</sup> The complete PaintCare Oregon Paint Stewardship Program Plan can be found at:  
<http://www.deq.state.or.us/lq/pubs/docs/sw/PaintProdStewardshipPilotPlan2010June.pdf>



awareness and education of the program. These materials include signs to inform consumers of the program, how to obtain program information, and how to identify retailers as collection sites. Counter cards display information about the program and the assessment rate, as well as information on the 5 point program for leftover paint. Paint container labels are made available to producers for optional use that include the program logo, website address, and the 1-800-CLEANUP phone number to promote education about the program. Paint calculators are also used in poster form to assist customers in buying the correct amount of paint in an effort to reduce leftover paint. See appendix III for the point of sale counter card and paint calculator poster.

In addition to point of sale materials, PaintCare created a website providing information for consumers, retailers, brand owners, municipalities and stakeholders that includes information on the program, accepted program products, consumer product information, paint calculators, and collection site locations including a zip code locator. A telephone number (1-800-CLEANUP) is also provided which enables customers to find the nearest collection site information by phone.<sup>7</sup>

Media awareness, detailed mailings to trade painters, other marketing tools such as web and radio advertising, and trade show events are additional delivery mechanisms utilized by the PSO.

According to PaintCare staff, there are two major components in the outreach and education phase. One is promoting awareness of the program to the citizens in Oregon. This is done by providing fact sheets for manufacturers, contractors and retailers, attending trade shows, as well as newspaper, television, and radio ads.

The second component is the point of sale retail materials to provide information to consumers when they buy paint. Point of sale retail materials are sent to every retailer in Oregon. These include posters that include paint calculators as described above, and “take away” counter cards that explain the program, the assessment rate, what products are accepted in the program, and how to find collection sites.

PaintCare budgeted approximately \$300,000 for total communications costs. This amount includes all components of the outreach and education phase, including printing of materials. First year financial data is yet to be revealed but it is reported that the total outreach and education costs exceed this initial estimate for two reasons. First, the PSO started to incur communications costs 6 to 8 months prior to the program start date

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<sup>7</sup> PaintCare’s Oregon Pilot Program Website and educational materials can be found at: <http://www.paintcare.org/oregon.php>

because the education and outreach phase began prior to the launch of the program. Second, based on an awareness survey of education and outreach delivery mechanisms it was found that Oregon residents are mostly made aware of the program via newspapers. As a result, the PSO is reportedly slated to launch an expensive, statewide, multi-newspaper ad campaign in the Spring of 2011.

As indicated in interviews, PaintCare staff feels the education and outreach delivery mechanisms utilized in the Oregon Paint Program are adequate in providing the consumers with educational materials regarding the stewardship program. However, the level of consumer education achieved through the use of the point of sale materials is reported to be impeded due to a number of potential causes.

Respondents note that the stewardship organization lacks control over how the retailers use the information which they are provided. The PSO delivers the educational materials to the retailers, and it is then the responsibility of the retailer to display that information to the consumer and request the refilling of materials as needed. Product Care staff on the ground in Oregon believe that the majority of retailers do an adequate job of displaying educational program materials, but note there are some stores that do not, and others that may run out of educational materials. Further, it is noted by respondents that the information detailed in the point of sale brochures is brief and could be expanded to provide more program information to the consumer.

<i>Factors Contributing to Outreach and Education</i>	<ul style="list-style-type: none"><li>➤ Request for proposal process</li><li>➤ Selected vendor's familiarity with paint industry</li></ul>
<i>Lessons Learned</i>	<ul style="list-style-type: none"><li>➤ Consumer information and retailer training are vital to successful implementation</li><li>➤ Consistent approach to listing fee or not listing a fee between retailers should be established</li></ul>






Another issue with the education and outreach plan is consumer confusion of the assessment rate. Respondents who speak to paint consumers in Oregon have found that

some consumers do not understand the fee associated with the program. The consumer may understand they are paying a fee, but are unclear as to why they are paying a fee. The recovery fee is frequently confused with the state's bottle tax which is refunded when a bottle is returned to the retailer. Some respondents report consumer education of the program is hindered in some cases due to a lack of education of the retailer. This leads some retailers to provide the consumer with verbal misinformation on the program. Employees of the retail stores must be knowledgeable of the program and provide accurate information when speaking to consumers about the program. It is noted that there is little program training provided to retailers because of the large number of retailers participating in the Oregon program. As of April 2011, approximately 600 retailers are participating in program.

### 3.3 Collections

Specifically written into the legislation, Section 4(2) (a) HB 3037 requires that the Oregon Paint Stewardship Pilot Program shall "provide for convenient and available statewide collection of post-consumer architectural paint in urban and rural areas of this state."

The PaintCare program plan proposes increased statewide levels of service to the consumer by developing collection sites across the state which are open several days a week. All collection sites accept all program products, including latex and oil-based paints. Collection sites will service both residential and commercial users by accepting leftover program products at no charge. Program products are described in the legislation, Section 2 HB 3037, as (1)(a) "architectural paint" means interior and exterior architectural coatings sold in containers of five gallons or less; and (b) "architectural paint" does not mean industrial, original equipment or specialty coatings.

Program collection sites include local government household hazardous waste sites, local government household hazardous waste events, participating retailers, as well as other locations and events managed by the program as needed.

First, the stewardship organization collaborates with existing local government household hazardous waste collections sites to provide architectural paint collections with the program being responsible for all post collection costs. The program also works with these government collection sites to allow them to expand their collection services to include all consumers needing to dispose of program products. Previously, some sites limited services to residential and/or local consumers. At this time, the program has contracts in place or imminent with all permanent household hazardous waste collection sites that were in service prior to the program implementation.

The program also collaborates with state and local government household hazardous waste collection events. As with the permanent collection sites, the program is responsible for all post collection costs, including picking up and managing program products. The program involvement with household hazardous waste events should yield considerable savings for the local governments by covering all post collections activities. Unused paint is often half or more of the materials collected at such events. Long-term implementation of the program could potentially reduce the volume of paint dropped off at these household hazardous waste events by increasing permanent collection sites.

In addition to the existing household hazardous waste sites and events, the program implements a system of return-to-retail collection sites. For these locations, the program collaborates with retail stores to expand the coverage of collection opportunities. PaintCare invited retail locations to participate with the program based on their location to population centers, gaps in coverage from the permanent household hazardous waste sites, and ability to meet program requirements including facility space, staffing, and security.

Many of the return-to-retail collection sites are rural hardware stores such as Ace Hardware and True Value stores. The program also established partnerships with paint store chains such as Sherwin Williams. Requirements for the retail locations include a secure location to store returned program products, trained personnel to receive and screen program products, and provide a separate storage area for the Paint Exchange program. The program coordinates the pickup of consumer returned program materials.

The program plan considers permanent locations when identifying consumer convenience goals. The planned coverage goal of the program is to provide a collection site within 15 miles for 97.21% of residents living in an incorporated city, town, or Census Designated Place in Oregon. This coverage goal would provide a collection site to 71.88% of the Oregon population. Where it is determined permanent collection sites are not readily available, the program will coordinate additional collection events as necessary to augment collection coverage.

At this time, the program has established 80 collection sites of which 60 are return-to-retail collection sites. As of January of 2011, estimates of collection sites within 15 miles of residents cover 90.64% of the Oregon population within cities, towns, or Census Designated Places. **Figure 3-2** presents all active collection sites as of January 2011.

While this level of coverage is below original goals, the program is continuing efforts to establish additional collection sites. The remaining opportunities to improve coverage with permanent collection sites are in the more rural, less densely populated counties.

Some of these counties do not have paint retailers; PaintCare will service these areas with special collections events on a regular basis. See appendix IV for mapping of program collection site locations to Urban Growth Boundaries and Populated Census Blocks.

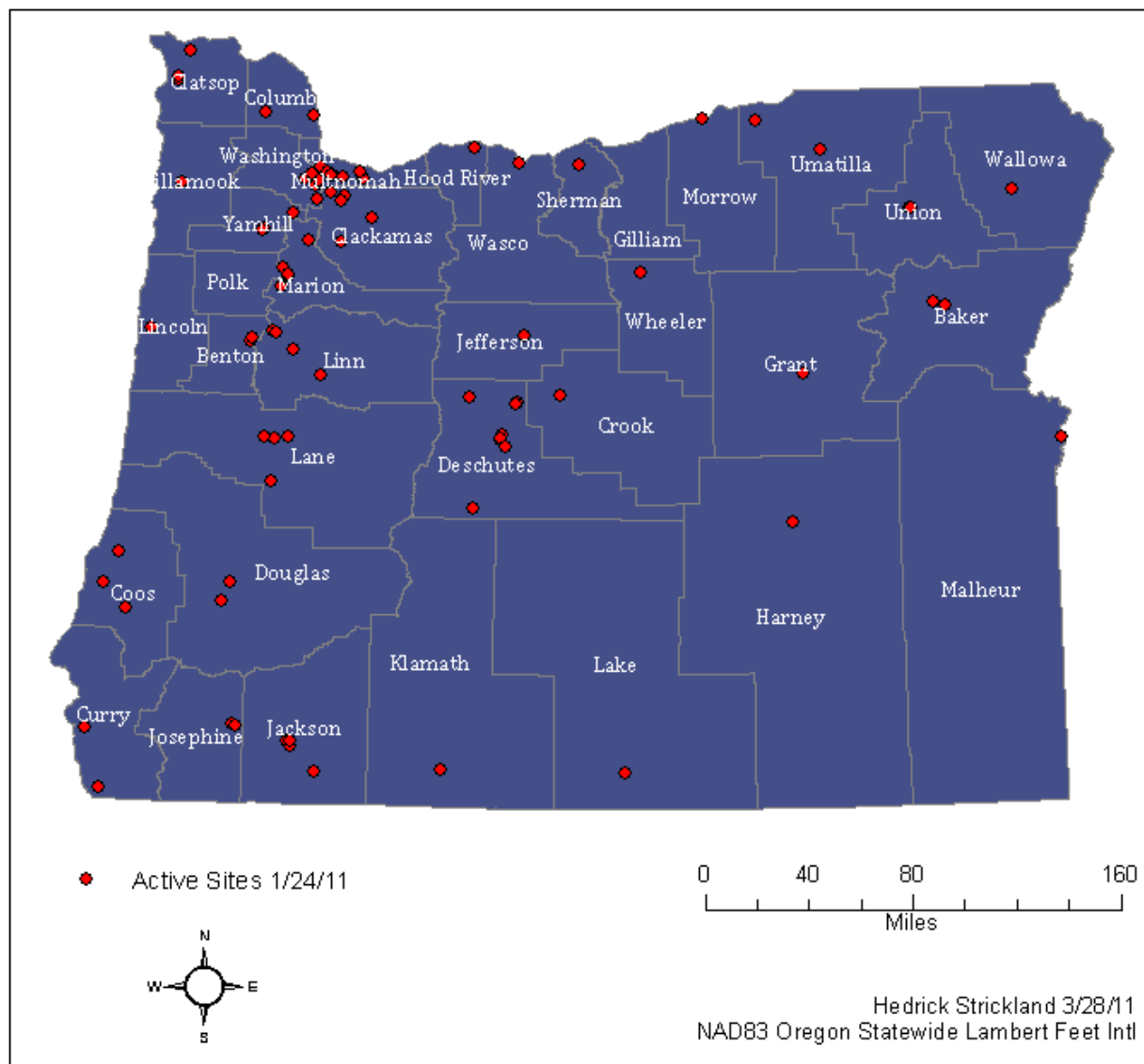
*Factors Contributing to  
Collections*

- Incorporated existing local government Household Hazardous Waste (HHW) collections
- Leveraged Existing HHW infrastructure
- Developed relationships with retail chains

*Lessons Learned*

- Time to coordinate program with existing agency can be highly variable
- Perceptions from retail participants change over time

**Figure 3-2 Oregon Paint Stewardship Pilot Program Active Collection Sites**



**Source:** Hedrick Strickland, Duke University (2011)

### 3.4 Transportation

As with both the Outreach and Education, and the Collections components, Transportation is specifically identified in the legislation as a key element in the Oregon Paint Stewardship Pilot program. Section 4(3)(C) of HB 3037 states: “Promote the reuse of post-consumer architectural paint and undertake the responsibility of negotiating and executing contracts to collect, transport, recycle and process post-consumer architectural paint for end-of-product-life management that includes recycling, energy recovery and disposal using sound management methods.”

The program plan stipulates that an effective transportation system is vital to ensure the collections system operates efficiently. To that end, PaintCare issued a request for proposals from transportation providers and selected Phillips Service Corporation (PSC) as the vendor most suitable to meet the program’s needs. PSC had prior experience with Household Hazardous Waste events and has partnerships with energy recovery firms as well as Amazon Environmental for paint recycling. PSC operated the majority of the transportation infrastructure prior to the implementation of the program. Per the contract, PSC supplies collection bins to the collection sites, arranges for scheduled exchanges of empty collection bins for full bins at the collection sites, and transports full collection bins to a sorting facility. Collection site visits are performed as needed, however, the law requires PSC to visit a collection site at least every 90 days. PSC then distributes suitable program products to processing facilities for recycling or energy recovery, or disposes unsuitable materials in an appropriate landfill. PSC will comply with all applicable state and federal DOT regulations and acquire necessary permits. As required by DOT permits, transportation providers use a tracking and auditing system to follow collection containers from the collection sites to the processor.

<i>Factors Contributing to Transportation Infrastructure</i>	<ul style="list-style-type: none"> <li>➤ Request for proposal process</li> <li>➤ Vendors leveraged existing HHW infrastructure</li> </ul>
<i>Lessons Learned</i>	<ul style="list-style-type: none"> <li>➤ Combining multiple vendors’ proposals provided the best solution</li> </ul>

### 3.5 Processing

Processing of collected program products includes reprocessing as paint, reprocessing as another product, recycling of paint containers, and energy recovery. Similar to the approach with transportation providers, PaintCare solicited proposals for processing of collected paint. To fulfill the processing function, however, PaintCare selected multiple proposals.

The Portland Metro waste management system collects, processes, and transports program products returned to Metro’s permanent facilities and collection events. Portland Metro

had an existing program to collect and reprocess suitable latex paint into a recycled paint product. By collaborating with the Paint Stewardship Pilot Program, Portland Metro has increased its processing capacity from producing approximately 280,000 gallons per year to nearly 350,000 gallons per year of recycled paint product. The increased capacity allows for processing some of the additional suitable program products collected from outside the Portland Metro area.

Phillips Service Corporation (PSC) sorts, and as necessary, bulks program products collected outside of the Portland Metro area for transport to downstream processors. Suitable latex paint goes to Portland Metro's reprocessing center. PSC transports latex paint not suitable for Portland Metro's product to other processors such as Amazon Environmental for processing into a cement additive. PSC transports alkyd paint, collected both within and outside of Portland Metro, to approved and licensed facilities for fuel blending and energy recovery. Empty paint containers are typically disposed of in landfills.

Unsuitable program products, non-program products, and usable program products exceeding market demand or processing capability will be disposed of subject to all federal, state, and local regulations. As with the transportation providers, processing providers are required to comply with the program's Materials Tracking requirements. DOT permits require transporters to track all containers from the collection site to the processor and to the final destination.

<i>Factors Contributing to Processing Infrastructure</i>	<ul style="list-style-type: none"><li>➤ Request for proposal process</li><li>➤ Vendors leveraged existing HHW infrastructure</li></ul>
<i>Lessons Learned</i>	<ul style="list-style-type: none"><li>➤ Combining multiple vendors' proposals provided the best solution</li></ul>



## 4.0 Funding Mechanism

### 4.1 Description and Function of the Funding Mechanism

The stewardship legislation and the Oregon Paint Stewardship Pilot Program Plan describe in detail the funding mechanism of the PSO. Section 4 subsection (c) of the Oregon HB 3037 states that the plan submitted by PaintCare to Oregon DEQ should “include a funding mechanism whereby each architectural paint producer remits to the stewardship organization payment of an architectural paint stewardship assessment for each container of architectural paint the producer sells in this state” [4].

The legislation requires that “the architectural paint stewardship assessment must be added to the cost of all architectural paint sold to Oregon retailers and distributors, and each Oregon retailer or distributor shall add the assessment to the purchase price of all architectural paint sold in this state” [4]. The legislation also prescribes the specific requirements for disclosing the funding information to the consumer. According to the legislation, “the architectural paint stewardship assessment may not be described as an Oregon recycling fee at the point of retail, and a fee may not be charged to the consumer at the point of collection of postconsumer architectural paint.” There is also a requirement for a uniform assessment fee that must be “sufficient to recover, but not exceed, the costs of the architectural paint stewardship pilot program” [4]. **Figure 4-1** shows the assessment fees by container size as established by PaintCare and approved by Oregon DEQ.

**Figure 4-1: Assessment Rate for Paint Sold in Oregon**

½ pint container or less	\$ 0.00
>½ pint to 1 quart container	\$ 0.35
>1 quart to 1 gallon container	\$ 0.75
>1 gallon to 5 gallon container	\$ 1.60

**Source:** PaintCare – *Oregon Paint Stewardship Pilot Program Plan*

The assessment rate is determined “based on a multi-year budget for the duration of the pilot program period” [1]. The Oregon Paint Stewardship Pilot Program Plan submitted by PaintCare contains a 4 year operating budget of expected sales of paint and revenue for the duration of the pilot program. The proposed budget shows an expected deficit during the first year of operation of the pilot program followed by a steady increase in revenue for the subsequent years. **Figure 4-2** shows the proposed budget prepared by PaintCare and submitted to Oregon DEQ for approval.

**Figure 4-2: Budget Summary proposed by PaintCare**

(July 1 <sup>st</sup> - June 30 <sup>th</sup> )	2010-11	2011-12	2012-13	2013-14
<b>Units Sold</b>	6,139,625	6,201,021	6,294,036	6,419,917
<b>Program Revenue:</b>	\$4,518,477	\$4,563,661	\$4,632,661	\$4,724,759
<b>Program Expenses:</b>	\$4,531,912	\$4,248,219	\$4,479,631	\$4,691,298
<b>Annual Surplus/Deficit</b>	(\$13,435)	\$315,442	\$152,485	\$33,461
<b>Accumulated Surplus/Deficit</b>	(\$13,435)	\$302,007	\$454,493	\$487,954

“\*budget data for 2014 is for full year for budgeting purposes, however Legislation provides that pilot program will end June 30, 2014 [1].

**Source:** PaintCare – *Oregon Paint Stewardship Pilot Program Plan*

The value for “units sold” in Figure 4-2 is an estimate of the amount of latex paint expected to sell in Oregon in each consecutive year of operation. According to the PaintCare Program Plan, “sales of architectural paint in Oregon are not separately tracked at this time...estimates have been derived by pro-rating national architectural paint sales data by population.” This data is used for the initial estimates but “following implementation, the program will acquire accurate sales data from participant reporting, and future year projections will then be revised” [1].

According to the program plan submitted by PaintCare, “the deficit budgeted for 2010 will be financed by ACA. Any surplus remaining at the end of the Pilot Program period will be carried over into a permanent program, if any, or will be used to cover program wind up costs”. The legislation requires an annual independent financial audit which will provide “a description and evaluation of the annual program costs and funding mechanism, to determine if the assessment rate is too high or too low” [1]. This gives the stewardship organization the option to alter the assessment rate as needed if approved by the Oregon DEQ.

PaintCare is expected to keep records of the amount of paint sold, the amount of paint collected, and all the other relevant information as to have a good recordkeeping system in place to report all required data to Oregon DEQ. The producers will “report sales and pay the assessment to PaintCare based on sales of architectural paint in Oregon, on a monthly basis, using an online secure filing system” [1]. Producers need to report the number of units in each container size and the type of paint sold in order to determine the recovery rates.

## 4.2 Clarity of the Funding Mechanism

One goal of the evaluation committee is to assess the level of clarity of the funding mechanism among program legislation, rules, and documentation. The evaluation committee formulated questions to determine the clarity of the funding mechanism with the working definition in the Method for Evaluating the Paint Product Stewardship Initiative's Oregon Pilot Program. The working definition states that clarity is "the extent to which the funding source for the PSO is clearly defined in implementing legislation, rules, and program documentation" [5].

One respondent describes the definition of clarity in the legislation and program documentation as "accomplishing its purpose and not confusing people." Another respondent believes the clarity is achieved in "providing the citizens of Oregon with a resource that is known and understood by them."

When asked about the clarity of the funding mechanism, most respondents agree that it is clearly defined in the legislation and other program documentation. Specifically, respondents feel that the legislation is clear in detailing the funding mechanism in terms of the source (manufacturers), and the fact that consumers will pay a point of purchase fee to fund the program. In addition, some feel the clarity of the funding mechanism is communicated by point of sale brochures that retailers are to display that include a description of the fee. Others believe that the funding mechanism is explained and identified via the PaintCare website, as well as fact sheets that provide information on the funding mechanisms from the perspectives of manufacturers, retailers, and consumers. Most respondents believe that if one was interested in finding out details about the funding mechanism they could do so by referring to the legislation and program documentation.

Although the level of clarity in program documents and legislation is deemed by most respondents to be high, there has still been consumer confusion of the funding mechanism in Oregon. Most respondents believe that some of the retailers are not well informed when it comes to matters of program funding and that they are unable to accurately answer questions to inform consumers of the funding mechanism. As detailed earlier, multiple respondents report that some consumers are unaware of the fee and that some believe the fee is similar to that of the refundable bottle deposit system or the battery recycling system in Oregon, which is the wrong assumption. It was noted by a respondent that the point of sale counter cards could contain more information in addition to the assessment rates to further educate the consumer on the program and reduce consumer confusion in regards to the recovery fee. Based on the responses, consumer confusion of the funding mechanism is likely attributed to a lack of education of retailers in the program, inadequate display of program materials at the retail level, lack of additional program information

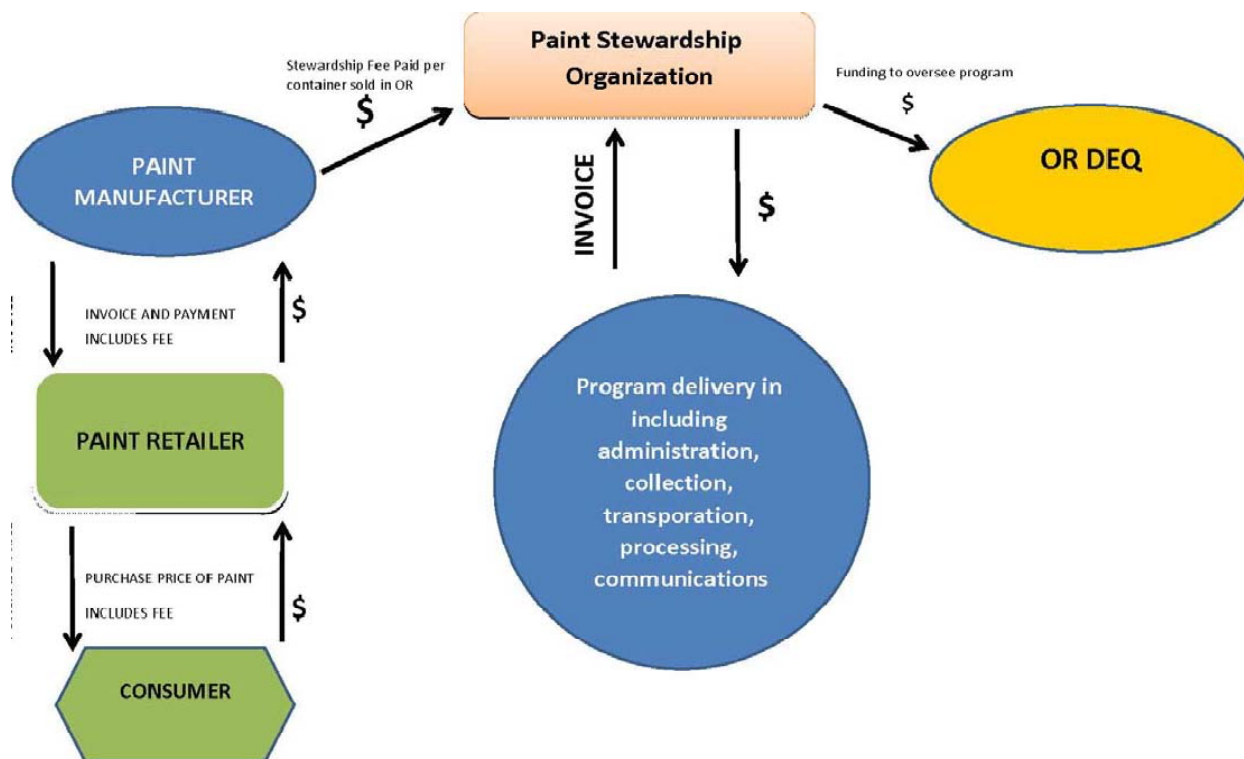
detailed in point of sale counter cards, or the fact that some consumers may not be seeking available program information and thus are uninformed. Respondents that speak to citizens in Oregon report consumer confusion has gradually declined over time as citizens become more familiar with the pilot program.

### 4.3 Transparency of the Funding Mechanism

The second aspect of the funding question is the matter of transparency. The working definition of transparency in the evaluation methodology is “the extent to which a member of the public could track how the funding is being used by the PSO” [5]. This definition is used to construct interview questions for the purpose of evaluating the transparency of the funding mechanism.

According to interviewee responses, transparency in regards to the Oregon Program can be viewed through a number of lenses. Not only is transparency achieved through disclosing program financial information to the public, but the importance of maintaining a transparent recovery fee to the consumer is also emphasized. Clearly notifying the public of the fee and assisting the consumer in buying an appropriate amount of paint also helps to minimize the amount of leftover paint, an added benefit of the program. Others feel it is most important for the stewardship organization to disclose funding data to the Oregon DEQ because this is the agency providing state oversight of the program.

**Figure 4-3: Assessment Flow Chart**



**Source:** PaintCare Inc. *Oregon Paint Stewardship Pilot Program Plan (2010)*.

Those who feel the program achieves a high level of transparency attributed this to the program budget that was put out for public comment, and the manner in which the funding mechanism functions so that it is transparent among manufacturers and retailers. Manufacturers add the assessment fee to the cost of the paint sold to retailers and that cost is then paid for by the consumers at the point of sale. The manufacturers send the assessment fee to PaintCare to fund the program. *See Figure 4-3 above for flow of funds.* In the opinion of one PaintCare staff member, this mechanism is set up to be completely transparent and functions in a manner so that manufacturers and retailers are unable to absorb the recovery fee to lower their sale price of paint in order to create a competitive advantage among other companies that may not be able to afford to absorb the fee. A tracking system is also encouraged. Manufacturers are asked to line item the recovery fee on their invoices to distributors and retailers, and retailers are also asked to line item the fee on their receipts. However, it is reported that not all retailers are line itemizing the fee on their sales receipts which reduces the level of transparency to the consumer at the point of sale.

Some of the respondents, however, feel that at this point in the program the level of transparency is low. This is attributed to the fact that little financial data has been made available since the program began operation on July 1, 2010. However, PaintCare is

mandated by Oregon Law to present a report to the Oregon DEQ no later than September 1, 2011. It is required that an independent financial audit of the program, a description of program costs, and an evaluation of the operation of the program's funding mechanism be included in this report. PaintCare staff reports that an annual report including this data will be disclosed to the public at that time. First year financial information is not yet available because the program has not been in operation for a full year at the time this report was created. Some respondents feel they could not give a clear assessment of the level of transparency until they were able to see the level of public disclosure of financial data at the end of the first fiscal year. Further, initial legislation is reportedly unclear as to the level of financial information the program is required to disclose to the public. It is reported that initial legislation mandated the stewardship organization's annual report to be private business information. However, this is reportedly not the intent of the legislation, which is currently being amended so that the annual report will be made available to the public.

#### 4.4 Completeness of the Funding Mechanism

The final concept of the funding mechanism is its completeness. The working definition for this concept is defined as "the extent to which PSO funding covers the expenses for operating the PSO" [2]. Interview questions were formulated based on this working definition.

One respondent describes a complete funding mechanism as one that covers program costs; others refer to legislation that requires the funding mechanism to cover, but not exceed program costs, thus making it complete. The interview respondents believe that the funding mechanism is complete in that it is expected to cover program operating costs. Further, the stewardship organization maintains the ability to alter the assessment rate in the future with Oregon DEQ approval.

The initial program 4-year budget projections, as shown in Figure 4-2, reveals that PaintCare is expected to run a deficit for the first year of program operation, but steadily increase revenues so that by the second year revenue will cover program costs. However, the stewardship organization reported the first year deficit is larger than projected due to unanticipated communications costs. Currently the recovery fee is not expected to generate enough revenue to cover program costs until the third year of operation. There is currently no intention of increasing the recovery fee in the future, and any surplus revenue obtained in the future will reportedly be used to reduce the amount of the recovery fee.

## 5.0 Lessons Learned

The key lessons learned that are reported by respondents in regards to the infrastructure choices and the funding mechanism of the Oregon program are identified to conclude this report. The lessons, in addition the key findings of the evaluation, are detailed to improve the program in Oregon and provide information for other states that may develop similar programs. Each should be evaluated in light of the facts presented in order to better understand their implications.

### 5.1 Infrastructure Choices and Lessons Learned

This report has two main goals in reviewing infrastructure for the implementation of the Oregon Paint Stewardship Pilot Program. First, the research effort is to identify the factors that contributed to the infrastructure choices. Second, the research is to identify any lessons learned during the implementation of the program. Highlights of our major findings include the following:

- A strong existing household hazardous waste program provided a stable foundation to improve upon;
- Multiple vendors participating in a request for proposals process helped contain costs;
- Incorporating existing HHW efforts proved successful; and,
- Providing realistic timeframes for implementing new collections efforts and coordinating with multiple agencies is essential.

Based on the research, including review of the legislation, the program plan documentation, and detailed interviews, a key element determining the infrastructure choices for the program was experience with the paint industry and familiarity with the Household Hazardous Waste (HHW) efforts. The primary contractors for transportation and processing were already performing many of the program requirements prior to the implementation of the program. Portland Metro and PSC (with Amazon Environmental) provided similar services with HHW events prior to the implementation of the program. With the services expanding across the state, both PSC and Portland Metro were able to scale their services to a higher coverage area. For the Education and Outreach program, knowledge of the paint industry was a dominant factor when choosing Bradshaw Advertising.



When determining the return-to-retail locations, however, location was the primary consideration. The key goal for collection site locations is to provide convenient coverage for the entire state. Collection site locations had to be balanced with the ability to readily service them by exchanging empty collections containers for full ones. In at least one instance, a retail location was denied the opportunity to participate in the program due to being in close proximity to other collection site locations. Additional considerations for the selection of return-to-retail locations included early willingness to participate, and facility and staff capabilities.

Besides the advertising campaign, which was an entirely new effort, most interviewees reported that relatively little startup monetary investment was required for the implementation of the Oregon Paint Stewardship Pilot Program. Oregon had an existing system of Household Hazardous Waste collections events, and several permanent HHW collections sites. Portland Metro has had ongoing paint collections and latex paint recycling for over a decade. Even so, the RFP process used to secure transportation and processing vendors was an open process. The Oregon Law did not require PaintCare to use existing infrastructure which some feel aided in containing costs.

PaintCare reported that startup costs for setting up the collection sites were minimal because PSC, the hauler, absorbs collection site tub costs, and there is no straight fee the organization pays for the weight of paint collected. Further, the majority of existing sites previously collected paint in bulk and are now required to begin collecting paint by the can in order to increase the ability to reuse paint in each container. If collected in bulk the mixed paint turns a dark color, which decreases the ability for reuse.

Some challenges faced when setting up collections sites included geographic conditions of the state such as sparsely populated rural areas that lacked existing infrastructure, and areas with mountainous terrain prone to severe weather. Other challenges included retailers unwilling to cooperate with the program. Some sites that already collected leftover paint requested to be paid for participation as a collection site, while other sites were slow in signing up for the program. However, there are positive aspects for both government and retailer participation. The program reportedly saves local government the cost of managing leftover paint by picking up paint from locally sponsored HHW collections events. The program also reportedly benefited retailers with an increase in consumer foot traffic due to program participation, leading to increased business. Since the program began operation, only one retail site has dropped out of the program due to a lack of space for collections. It was also noted that the stewardship organization had to ensure it did not enlist an excessive amount of collection sites, which would lead to inefficient transportation service. In rural areas that do not currently have a collection site, the organization holds periodic events to collect paint.



Other lessons learned from implementing the Oregon Paint Stewardship Pilot Program are primarily directed to the outreach and education component of the program. Some respondents felt that the education materials were not sufficient for either the consumer or the retail staff personnel. Comments received included the desire to provide more in depth information in the point of sale counter cards and on the Web Site for those that are interested. Another opportunity for improvement identified included the training provided to retail personnel to provide a consistent message to the consumer.

## 5.2 Funding Mechanism Lessons Learned

The stakeholders that participated in this evaluation note a number of lessons learned in regards to the funding mechanism of the Oregon Pilot Program. Lessons learned are:

- Graduated fees based on container size as opposed to flat fees proves beneficial;
- Requiring retailers to line item the recovery fee on all receipts is suggested;
- Clearly stating the level of public disclosure of financial information required of the PSO within legislation is suggested;
- Considering concessions for contractors/trade painters is suggested; and,
- Paying collection sites to increase the coverage of the program to rural areas and retailer participation in the program is suggested.

The decision to have varying assessment rates based on container size is described by a respondent as the biggest lesson learned in regards to the creation of the funding mechanism. The PSO initially considered charging the same fee amount for all container sizes because it is easier to implement a blanket fee. However, it was found that one flat fee for all container sizes puts retailers who sold small quantities of paint, or small containers of paint, at a competitive disadvantage to other retailers who sold larger quantities and larger containers of paint.

It is reported by participants that at this time retail stores are encouraged, but not required, to itemize the fee added to the cost of paint for the program on the consumer purchase receipt. As a result, there are retailers that do not line item the recovery fee on consumer receipts. It is noted that if the fee is itemized on all receipts consumers will then be more informed of the funding mechanism and the program when they buy paint in Oregon.

Initial legislation is deemed by respondents to be clear in regards to describing the functionality of the funding mechanism, but vague in detailing the amount of financial data the PSO is required to disclose to the public. Legislation is currently being amended to

correct this issue, but providing clear boundaries for disclosure of the program's financial data within legislation is viewed by respondents as a crucial component to achieve transparency.

Some of the participants in this evaluation mention that concessions need to be considered for contractors. It is noted that the argument made by some contractors is that they buy the correct amount of paint and use it all, so they should not be charged the recovery fee. The PSO currently offers a service in which it will pick up paint from contractors who have over 150 gallons so that retail collection sites are not overwhelmed with a large amount of containers. The program provides contractors with an option to dispose of containers that were previously stockpiled. Whether monetary or service related, concessions should be considered for contractors who reportedly account for a large portion of paint sales in Oregon.

Opportunities for improvement noted in the recruitment of collection sites include potentially offering incentives to collection sites for participation. Some respondents felt that compensation would better facilitate obtaining program coverage goals. Further, it was reported that some permanent HHW sites that were already collecting leftover paint in Oregon before the start of the pilot program requested to be paid for participation in the collections effort. However, opponents of this idea state the pilot program saves previously existing municipal sites the cost of managing leftover paint by managing it for them, and that the fee paid by consumers would increase if these sites were paid for collections.

## References

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4. *Oregon House Bill 3037*. (2009, June 24). Portland, Oregon: 75th Oregon Legislative Assembly 2009 Regular Session.
5. Nadeau L., S. A. (2010). *Method for Evaluating the Paint Product Stewardship Initiative's Oregon Pilot Program*. Lexington: Eastern Research Group, Inc.

## Appendix I:

### **Interview Questionnaire for PaintCare (PSO) Interviews**

Anticipated Duration: 45 - 60 minutes

#### A. Overview

A1. Describe your role in the PSO/Pilot Program and in particular, your role/involvement in two aspects of the PSO: infrastructure choices and the funding mechanism.

- *Role in implementation, decision making.*
- *Current responsibilities.*
- *Obtain some general information on the function of the agency of the interviewee as it pertains to the PSO.*

*TRANSITION: First, we'd like to learn about the factors that contributed to infrastructure choices of the pilot program. By infrastructure, we mean the education and outreach plan, collection, transportation, and processing.*

#### B. Education and Outreach

*Prompt: Oregon law requires the PSO to provide the consumer with educational materials describing the collections opportunities for waste paint and promoting waste prevention, reuse, and recycling.*

B1. What are the major components of the Outreach and Education plan?

- *Follow up: Has the effort to print, transport and store educational materials fallen within the proposed plan assumptions?*
- *Follow up: Is the outreach and education plan being fully implemented by consultants, or is PaintCare staff facilitating some of the implementation effort?*
- *Follow up: Did PaintCare have to manage other vendors (separate from design consultants) to print, transport or store educational materials?*
- *Follow up: What startup costs were associated with the Outreach and Education effort?*

B2. How were the current operators for Outreach and Education selected?

B3. Do you feel the education and outreach delivery mechanisms utilized by PaintCare have been adequate in providing the consumers with educational materials regarding the stewardship program as required by Oregon law?

- *If yes, how so? What has made it successful?*
- *If no, why not?*
- *If yes or no, do you have any suggestions for improving the outreach and education?*

### C. Collections

C1. Please describe the process for incorporating local government sponsored Household Hazardous Waste events and permanent collection sites that existed prior to the pilot into the collection process.

- *Follow up: How have existing events/sites adapted to the new program?*
- *Follow up: What kind of participation have you had from existing events/sites?*
- *Who from the program provides training to collection operators?*

C2. Please describe the process for identifying new collection sites.

- *Prompt: According the program plan, PaintCare aimed to set up 91 collection sites in Oregon by December 31, 2010. Has this goal been met?*
- *Follow up: In terms of collection sites, have there been any gaps in coverage that have needed to be addressed since the program began operation?*
- *What startup costs were associated with the collections effort?*

C3. Do you feel the retail collection sites have been successful?

- *Follow up: How have the retailers experienced adverse impacts from the program?*
- *Follow up: How have the retailers benefited from the program, such as attracting new consumers for the Paint Exchange and Disposal services?*

### D. Transportation

D1: How was Phillips Services Corp (PSC) selected as the transportation vendor?

D2: How much of the transportation infrastructure existed prior to the Oregon Pilot Project?

- *Follow up: Did PSC expand its services to meet the needs of the program?*

- *Follow up: What kind of startup costs would a transportation vendor have for a similar program?*

D3: How frequently are transporters required to visit collection sites?

D4. Can you please describe the tracking and auditing system that transporters of the Oregon Pilot Program utilize?

#### E. Processing

E1. How were the current operators for waste paint processing and recycling selected (Amazon/Portland Metro)?

E2. Besides Portland Metro and Amazon Environmental, were there other vendors that provided waste paint processing and recycling in Oregon?

- *Follow up: Did the Oregon Pilot Program require new investments from Portland Metro and Amazon Environmental to expand their capabilities?*
- *Follow up: Are there new or emerging technologies available for waste paint processing? If so, does the Oregon Pilot Program provide the resources necessary to enhance the technologies being used to process waste paint?*

E3. Please describe the paint exchange program as it relates to the Oregon Pilot Program.

- *Is the amount of paint exchanged in this program tracked by PaintCare?*

E4. Please describe the energy recovery program as it relates to the Oregon Pilot Program. Who carries out this process?

- *Follow up: Was there an existing market for energy recovery?*
- *Follow up: Are the processing costs and fuel source income balanced?*
- *Follow up: How is the recovered energy from oil based paint utilized?*

E5. Were there additional infrastructure options for processing considered but ultimately rejected?

- *Follow up: Were there processing alternatives that were not considered because existing industries or markets were not readily available for the Oregon Pilot Program?*

#### F. Infrastructure Lessons Learned

F1. Do you think the infrastructure currently in place for the pilot program is adequate enough to ensure that anyone who wants to recycle or drop off leftover paint can do so?

F2. From what you have observed, does it appear that the program is having the desired effect of reducing leftover paint?

F3. What are some of the major roadblocks or key challenges faced by the program in regards to infrastructure?

- *How were those obstacles overcome?*
- *What are the areas of improvement? How can these improvements be implemented?*
- *Benefits or successes?*

F4. Have there been any unexpected results from the infrastructure choices made in the program?

F5. What are some of the recommendations regarding infrastructure that you would offer to other states or industries preparing to implement similar programs?

*Transition:* *At this point, we would like to learn more about the funding mechanism of the program.*

#### G. Description of Funding Mechanism

G1. Can you please describe the funding mechanism of the PSO and how it is intended to function?

- *Prompt for details on determination of the assessment rate, funding source, remittance of fees, and program costs.*

## H. Clarity of Funding Mechanism

H1. How would you define the clarity of the funding mechanism as it is currently described within paint stewardship legislation, rules, and program documentation (What constitutes a clearly defined funding mechanism within these documents?)

H2. To what extent do you feel the funding source of the PSO is clearly explained and identified within legislation, rules, and program documents?

- *High, Medium, Low*
- *Follow up: If you feel clarity is medium or low, what changes need to be made to improve the clarity of the funding source?*
- *If answer high, what do you think is/was most important to achieving this level of clarity?*

H3. Other than the recovery fee borne by consumers at the point of sale, are there any other funding sources for the PSO (sale of recycled paint, grants, manufacturers, retailers, etc.)?

## I. Transparency of Funding Mechanism

I1. In the context of the PSO, how would you define a transparent funding mechanism?

- *Prompt: A working definition of transparency may be "The extent to which a member of the public could track how the funding is being generated, managed and used by the PSO."*
- *Follow up: To whom, and how, do you feel it is most important to disclose funding data of the PSO? Public? DEQ? OR Legislature? Industry? Retailers?*

I2. How, and at what intervals, will PaintCare provide the public with its financial information?

- *Prompt: PaintCare is required by law to submit to DEQ by September 1, 2011 an independent audit, a description of program costs, and an evaluation of the operation of the program's funding mechanism.*
- *Will this financial information be disclosed to the public?*
- ***For DEQ:*** *Will DEQ publicly disclose financial information of the PSO? How?*

I3. To what degree do you feel that the funding mechanism achieves transparency?

- *Is it more or less for particular audiences?*
- *Recommended improvements?*



## J. Completeness of Funding Mechanism

J1. How would you define the completeness of the PSO funding mechanism? (What constitutes a complete funding mechanism?)

- *Prompt: A working definition of completeness might be “The extent to which PSO funding covers the expenses for operating the PSO.”*
- *Follow up: Based on your answer, do you feel the current funding mechanism is complete? If yes, what makes it complete? If the answer is no, what are the needed changes?*

J2. Is the funding mechanism expected to generate enough revenue to cover program costs over the course of the first year of operation?

- *Subsequent years?*
- *If not, what options are available for PaintCare to increase revenue so that it covers program costs?*
- *If so, how is any surplus revenue to be used by PaintCare?*

## K. Lessons Learned on Funding Mechanism

K1. Can you describe any lessons you may have learned throughout the decision making process in regards to the creation, implementation, and functionality of the current funding mechanism (i.e. benefits/successes, problems that were encountered, barriers to success, improvements that could be made, etc)?

## L. Final Questions

L1. Is there anyone else knowledgeable in these areas that you believe would be beneficial for our team to interview?

L2. If we need further clarification on some points, may we follow up with you in the future with a quick phone call?

## Appendix II:

### Enrolled

# House Bill 3037

Sponsored by COMMITTEE ON SUSTAINABILITY AND ECONOMIC DEVELOPMENT

CHAPTER .....  
AN ACT

Relating to paint stewardship; appropriating money; and declaring an emergency.

The Legislative Assembly finds that an architectural paint stewardship pilot program would allow paint manufacturers to:

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

Be It Enacted by the People of the State of Oregon:

**SECTION 1.** Findings. The Legislative Assembly finds that it is in the best interest of this state for architectural paint manufacturers to finance and manage an environmentally sound, cost-effective architectural paint stewardship pilot program, undertaking responsibility for the development and implementation of strategies to reduce the generation of postconsumer architectural paint, promote the reuse of post-consumer architectural paint and collect, transport and process post-consumer architectural paint for end-of-product-life management, including reuse, recycling, energy recovery and disposal.

**SECTION 2.** Definitions. As used in sections 1 to 10 of this 2009 Act:

- (1)(a) "Architectural paint" means interior and exterior architectural coatings sold in containers of five gallons or less.
- (b) "Architectural paint" does not mean industrial, original equipment or specialty coatings.
- (2) "Architectural paint stewardship assessment" means the amount added to the purchase price of architectural paint sold in this state necessary to cover the cost of collecting, transporting and processing the post-consumer architectural paint managed through a statewide architectural paint stewardship pilot program.
- (3) "Distributor" means a company that has a contractual relationship with one or more producers to market and sell architectural paint to retailers in this state.
- (4) "Energy recovery" means recovery in which all or a part of the solid waste materials of architectural paint are processed to use the heat content or other forms of energy from the solid waste materials.
- (5) "Post-consumer architectural paint" means architectural paint not used and no longer wanted by its purchaser.
- (6) "Producer" means a person that manufactures architectural paint that is sold or offered for sale in this state.

- (7)(a) "Recycling" means any process by which discarded products, components and byproducts are transformed into new usable or marketable materials in a manner in which the products may lose their original composition.
- (b) "Recycling" does not include energy recovery or energy generation by means of combusting discarded products, components and by-products with or without other waste products from post-consumer architectural paint.
- (8) "Retailer" means any person that sells or offers for sale architectural paint at retail in this state.
- (9) "Reuse" means the return of a product into the economic stream for use in the same kind of application intended for the use of the product, without a change in the product's original composition.
- (10) "Sell" or "sale" means any transfer of title for consideration, including remote sales conducted through sales outlets, catalogs or the Internet or through any other similar electronic means.
- (11) "Sound management practices" means policies to be implemented by a producer or a stewardship organization to ensure compliance with all applicable laws and that address:
- (a) Adequate record keeping;
- (b) The tracking and documentation of the use, reuse or disposal of post-consumer architectural paint within this state and outside this state; and
- (c) Adequate environmental liability coverage for professional services and for the operations of contractors working for producers or a stewardship organization.
- (12) "Stewardship organization" means a corporation, nonprofit organization or other legal entity created by a producer or group of producers to implement the architectural paint stewardship pilot program described in sections 1 to 10 of this 2009 Act.

**SECTION 3.** Participation in architectural paint stewardship pilot program.

- (1) A producer or retailer may not sell or offer for sale architectural paint to any person in this state unless the producer is participating in a statewide architectural paint stewardship pilot program organized by a stewardship organization. A retailer is in compliance with this section if, on the date the architectural paint was ordered from the producer or its agent, the website maintained by the Department of Environmental Quality lists the producer, along with the producer's product brand, as participating in an architectural paint stewardship pilot program.
- (2) At the time of sale to a consumer, a producer or retailer selling or offering for sale architectural paint must provide the consumer with information on available end-of product- life management options offered through an architectural paint stewardship pilot program.

**SECTION 4.** Architectural paint stewardship pilot program.

- (1) No later than March 1, 2010, a stewardship organization must submit a plan for a statewide architectural paint stewardship pilot program to the Director of the Department of Environmental Quality for approval.
- (2) The plan must:
- (a) Provide for convenient and available statewide collection of post-consumer architectural paint in urban and rural areas of this state;
- (b) Identify each producer participating in the program and the brands of architectural paint sold by each producer; and
- (c) Include a funding mechanism whereby each architectural paint producer remits to the stewardship organization payment of an architectural paint stewardship assessment for each container of architectural paint the producer sells in this state. The architectural paint stewardship assessment must be added to the cost of all architectural paint sold to Oregon retailers and distributors, and each

Oregon retailer or distributor shall add the assessment to the purchase price of all architectural paint sold in this state. The architectural paint stewardship assessment may not be described as an Oregon recycling fee at the point of retail, and a fee may not be charged to the consumer at the point of collection of postconsumer architectural paint. To ensure that the funding mechanism is equitable and sustainable, a uniform architectural paint stewardship assessment must be established for all architectural paint sold in this state. The architectural paint stewardship assessment must be approved by the director as part of the plan and must be sufficient to recover, but not exceed, the costs of the architectural paint stewardship pilot program.

(3) Beginning no later than July 1, 2010, or two months after the plan is approved under subsection (1) of this section, whichever occurs first, the stewardship organization must:

- (a) Implement an architectural paint stewardship pilot program described in the plan;
- (b) Provide for the development and implementation of strategies to reduce the generation of post-consumer architectural paint; and
- (c) Promote the reuse of post-consumer architectural paint and undertake the responsibility of negotiating and executing contracts to collect, transport, recycle and process postconsumer architectural paint for end-of-product-life management that includes recycling, energy recovery and disposal using sound management practices.

(4) A stewardship organization shall promote the architectural paint stewardship pilot program and provide consumers with educational materials describing collection opportunities for post-consumer architectural paint and information promoting waste prevention, reuse and recycling. The educational materials must also make consumers aware that funding for the operation of the architectural paint stewardship pilot program has been added to the purchase price of all architectural paint sold in this state.

**SECTION 5.** Conduct authorized. (1) It is the intent of this section that a stewardship organization operating an architectural paint stewardship pilot program pursuant to sections 1 to 10 of this 2009 Act, approved by the Department of Environmental Quality and subject to the regulatory supervision of the department, is granted immunity from federal and state antitrust laws for the limited purpose of establishing and operating an architectural paint stewardship pilot program. The activities of the stewardship organization that comply with the provisions of this section may not be considered to be in restraint of trade, a conspiracy or combination or any other unlawful activity in violation of any provisions of ORS 646.705 to 646.826 or federal antitrust laws.

(2) The department shall actively supervise the conduct of the stewardship organization, including but not limited to conduct related to payments made by architectural paint producers to the stewardship organization for the architectural paint stewardship assessment specified in section 4 of this 2009 Act. The department may require the stewardship organization to take whatever action the department considers necessary to:

- (a) Ensure that the stewardship organization is engaging in conduct authorized under this section;
- (b) Ensure that the policies of this state are being fulfilled by an architectural paint stewardship pilot program; and
- (c) Enjoin conduct that is not authorized by the department or conduct that the department finds does not advance the interests of this state in carrying out the architectural paint stewardship pilot program.

(3) The Director of the Department of Environmental Quality may designate employees of the department to carry out the responsibility of actively supervising the conduct of the stewardship organization.

(4) The Environmental Quality Commission may adopt rules to carry out the purposes of this section.

**SECTION 6.** Reports. No later than September 1, 2011, and by September 1 of each subsequent year, a stewardship organization must submit a report to the Director of the Department of Environmental Quality describing the

architectural paint stewardship pilot program approved by the director under section 4 of this 2009 Act. At a minimum, the report must contain:

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

**SECTION 7.** Data disclosure. The Department of Environmental Quality may not disclose data reported by a stewardship organization under section 6 of this 2009 Act. The department may disclose information contained in the records obtained by the department under section 6 of this 2009 Act in aggregate form.

**SECTION 8.** Orders and actions.

- (1) In accordance with the applicable provisions of ORS chapter 183 relating to contested case proceedings, the Department of Environmental Quality may issue an order requiring compliance with the provisions of sections 1 to 10 of this 2009 Act.
- (2) The department may bring an action against any producer or stewardship organization in violation of the provisions of sections 1 to 10 of this 2009 Act.

**SECTION 9.** Administrative fees.

- (1) The Department of Environmental Quality shall charge the following fees to be paid by a stewardship organization for administering sections 1 to 10 of this 2009 Act:
  - (a) \$10,000 when the plan specified in section 4 of this 2009 Act is submitted to the department; and
  - (b) \$10,000 each year thereafter for administrative costs related to the architectural paint stewardship pilot program.
- (2) The department may establish a schedule of fees in lieu of the fees specified in subsection (1) of this section that is based on an average of the results of the financial audits described in section 6 of this 2009 Act and that do not exceed 0.05 percent of the average architectural paint stewardship pilot program costs reported in the financial audits.
- (3) Fees collected by the department under this section shall be deposited in the Product Stewardship Fund established under section 10 of this 2009 Act.

**SECTION 10.** Product Stewardship Fund. The Product Stewardship Fund is established, separate and distinct from the General Fund. Fees collected by the Department of Environmental Quality under section 9 of this 2009 Act shall be deposited in the State Treasury to the credit of the Product Stewardship Fund. Interest earned by the Product Stewardship Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Department of Environmental Quality and may be used only to pay the costs of implementing the provisions of sections 1 to 10 of this 2009 Act.

**SECTION 11.** Report to Legislative Assembly. No later than October 1, 2011, the Director of the Department of Environmental Quality shall submit a report to the Legislative Assembly describing the results of the architectural

paint stewardship pilot program and recommending whether the program should be made permanent and any modifications necessary to improve its functioning and efficiency. The report must include an accounting of the administrative fees paid by the producers to the Department of Environmental Quality under section 9 of this 2009 Act

**.SECTION 12.** Section captions. The section captions used in this 2009 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2009 Act.

**SECTION 13.** Repeal. Sections 1 to 10 of this 2009 Act are repealed on June 30, 2014.

**SECTION 14.** Transfer. Any moneys remaining in the Product Stewardship Fund on June30, 2014, are transferred to the General Fund.

**SECTION 15.** Effective date. This 2009 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2009Act takes effect on its passage.

Passed by House June 24, 2009

.....  
Chief Clerk of House

.....  
Speaker of House

Passed by Senate June 27, 2009

.....  
President of Senate

Received by Governor:

.....M.,....., 2009

Approved:

.....M.,....., 2009

.....  
Governor

Filed in Office of Secretary of State:

.....M.,....., 2009

.....  
Secretary of State

### Appendix III:

#### Point of Sale Educational Materials: Counter Card

To find a collection center near you please call  
**1.800.CLEANUP** or visit **[www.paintcare.org](http://www.paintcare.org)**

##### **Accepted Products** *(maximum container size: 5 gallons)*

- Exterior and Interior Paints: Latex, Acrylic, Water-based, Alkyd, Oil-based and Enamel (all types of finishes and sheens, including textured coatings)
- Deck Coatings and Floor Paints (including elastomeric)
- Lacquers, Lacquer Sanding Sealers and Lacquer Stains
- Melamine, Metal and Rust Preventatives
- Primers, Undercoatings and Sealers
- Stains and Shellacs
- Swimming Pool Paints (single component)
- Varnishes and Urethanes (single component)
- Waterproofing, Sealers and Repellents: Concrete, Masonry and Wood (no tar or bitumen-based)
- Wood Coatings (containing no pesticides)

##### **Not Acceptable** *(regardless of container size)*

- Aerosol Paints
- Automotive Paints
- Caulking Compounds, Epoxies, Glues or Adhesives
- Colorants and Tints
- Craft Paints
- Deck Cleaners
- Industrial Maintenance Coatings
- Marine Paints
- OEM and Industrial Surface Coatings, Paints and Finishes (shop application)
- Paint Additives
- Paint Thinners, Mineral Spirits or Solvents
- Pesticide Containing Products
- Resins
- Roof Patch or Repair
- Tar or Bitumen-based Products
- 2-Component Coatings





## Consumer Paint Calculator Poster



# Take the guesswork out of buying paint.

### THE PAINT CALCULATOR

Wall Length (in feet)

	6	8	10	12	14	16	18	20	22	24	26
6	1	1	1	1	1	1	1	1	1	1	1
8	1	1	1	1	1	1	1	1	1	1	1
10	1	1	1	1	1	1	1	1	1	1	1
12	1	1	1	1	1	1	1	1	1	1	1
14	1	1	1	1	1	1	1	1	1	1	1
16	1	1	1	1	1	1	1	1	1	1	1
18	1	1	1	1	1	1	1	1	1	1	1
20	1	1	1	1	1	1	1	1	1	1	1
22	1	1	1	1	1	1	1	1	1	1	1
24	1	1	1	1	1	1	1	1	1	1	1
26	1	1	1	1	1	1	1	1	1	1	1

Wall Height (in feet)

1 Gallon 1.5 Gallons 2 Gallons 2.5 Gallons

With our handy paint calculator, buying the right amount of paint for your next project has never been easier. Find the right amount in just two easy steps:

1. Measure the height and width of your space
2. Locate the correlating values on the chart

Measuring before you buy will help you save money, the environment and the space needed to store your unused paint.

 paintcare.org

buy right. reuse. recycle.

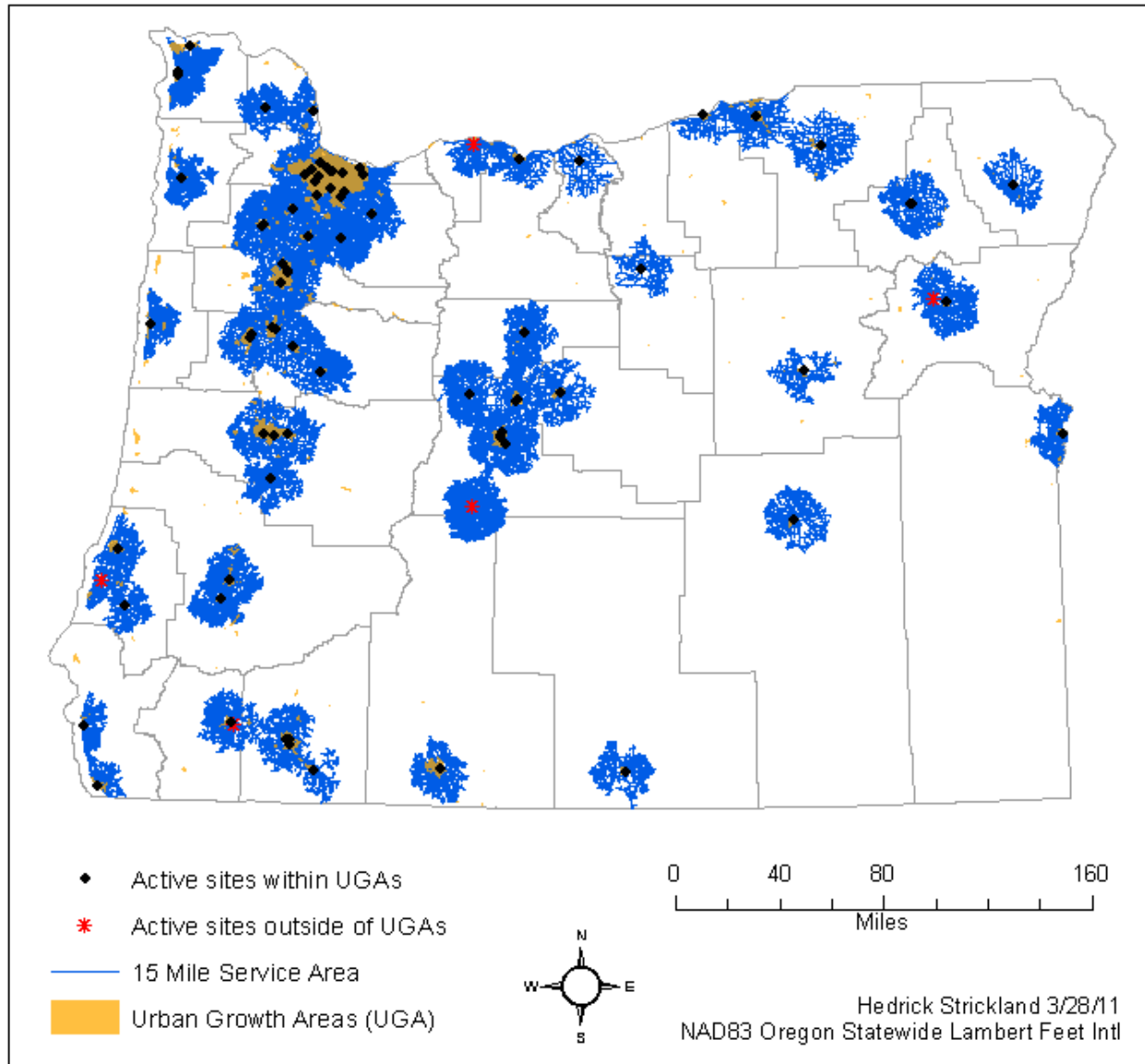




## Appendix IV:

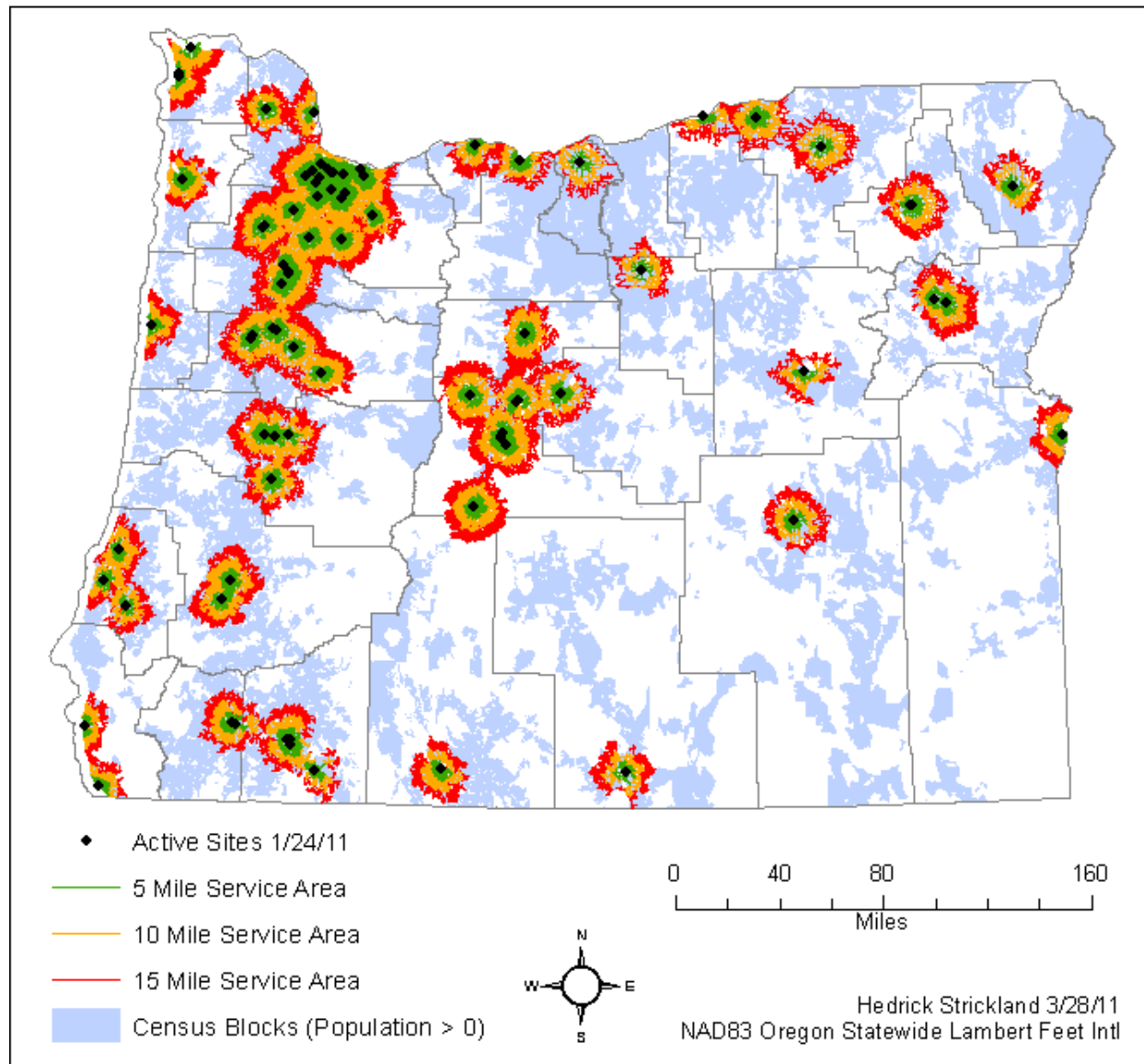
### Oregon Paint Stewardship Pilot Program Active Collection Sites:

#### Location to Urban Growth Boundary



**Source:** Hedrick Strickland, Duke University (2011)

## Location to Populated Census Blocks



**Source:** Hedrick Strickland, Duke University (2011)