



Vermont Paint Stewardship Program Plan



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1. Introduction

SECTION OVERVIEW

This section discusses:

- Introduction
- Paint stewardship in the United States
- Paint stewardship program plan
- Citations

A. INTRODUCTION

In June 2013, Governor Shumlin signed Act 58, creating the Vermont Paint Stewardship Program. Act 58 is codified in Sub-Chapter 4, Chapter 159 of Vermont Statute Title 10: Conservation and Development. Vermont's paint stewardship law requires manufacturers of architectural paint to establish a program to reduce the generation of postconsumer paint; promote reuse of leftover paint; and to collect, transport, and process postconsumer paint. The program should increase opportunities for consumers to properly manage leftover paint, reduce costs to local governments managing postconsumer paint, work to keep paint out of the waste stream, and conserve natural resources.

B. PAINT STEWARDSHIP IN THE UNITED STATES

At the urging of state environmental agencies and government household hazardous waste programs across the United States, the Paint Product Stewardship Initiative began in 2002 to bring about an industry-operated paint stewardship system in the U.S. Facilitated by the Product Stewardship Institute, the initiative involved several years of dialogue and research on paint use habits and recycling opportunities. Participants included the American Coatings Association, paint manufacturers, paint recyclers, the Environmental Protection Agency, and state and local governments across the country.

The initiative resulted in the development of a model state law to establish an economically and environmentally sustainable, industry-designed and implemented postconsumer paint management system. To date, paint stewardship legislation has been signed into law in California, Colorado, Connecticut, the District of Columbia, Maine, Minnesota, New York, Oregon, Rhode Island, Vermont, and Washington.

C. PAINT STEWARDSHIP PROGRAM PLAN

The Vermont paint stewardship law requires manufacturers of architectural paint to submit and receive approval of a paint stewardship program plan, individually or through a representative organization, from the Secretary of the Vermont Agency of Natural Resources (ANR).

PaintCare's original program plan was approved by ANR in March 2014 and several revisions have been submitted and approved since then.

Per statute, this program plan must:

- (1) List participating manufacturers and brands covered by the program.
- (2) Provide information on the architectural paint products covered under the program.
- (3) Describe how the program will collect, transport, recycle, and process postconsumer paint for end-of-life management, including recycling, energy recovery, and disposal, using environmentally sound management practices.
- (4) Describe how the program will provide for convenient and available statewide collection of postconsumer architectural paint in urban and rural areas of the state, including partnering with existing household hazardous waste collection programs and with paint retailers.
- (5) Provide geographic information system modeling to determine the number and distribution of sites for collection of postconsumer architectural paint based on the following criteria: (a) at least 90 percent of Vermont residents shall have a permanent collection site within a 15-mile radius, and (b) one additional permanent site will be established for every 10,000 residents of a municipality and additional sites shall be distributed to provide convenient and reasonably equitable access for residents within each municipality, unless otherwise approved by ANR.
- (6) Establish goals to reduce the generation of postconsumer paint, to promote the reuse of postconsumer paint, and for the proper management of postconsumer paint as practical based on current household hazardous waste program information. The goals may be revised by the producer or stewardship organization based on the information collected for the annual report.
- (7) Describe how postconsumer paint will be managed in the most environmentally and economically sound manner, including following the waste-management hierarchy. The management of paint under the program shall use management activities that promote source reduction, reuse, recycling, energy recovery, and disposal.
- (8) Describe education and outreach efforts to inform consumers of collection opportunities for postconsumer paint and to promote the source reduction and recycling of architectural paint for each of the following: consumers, contractors, and retailers.
- (9) Include a budget and proposed funding mechanism under which each manufacturer remits to a stewardship organization payment of a paint stewardship assessment for each container of architectural paint it sells in Vermont. The proposed budget and assessment structure must be reviewed by a third-party auditor agreed upon by ANR, and the third-party auditor must provide a recommendation as to whether the proposed budget and assessment is cost-effective, reasonable, and limited to covering the cost of the program.

In addition to providing the information required under applicable law, this plan may discuss additional aspects of the program, which are included for informational purposes only.

D. CITATIONS

To aid the reader, each section of the plan begins with citations to laws or regulations that related to the information discussed in that section.

2. Stewardship Organization & Program Contacts

SECTION OVERVIEW

This section discusses:

- PaintCare Inc.
- Program contacts

A. PAINTCARE INC.

On behalf of participating paint manufacturers, PaintCare Inc. is pleased to submit to ANR an updated Vermont Paint Stewardship Program Plan.

PaintCare Inc. was formed in 2009 by the American Coatings Association, the primary trade association for the paint and coatings industry. PaintCare Inc. establishes a separate single-member limited liability company (LLC) as a subsidiary to serve as the representative stewardship organization for architectural paint manufacturers (also referred to as producers) in each state that passes a paint stewardship law. PaintCare Inc. is a 501(c)(3) nonprofit entity. PaintCare's corporate office is in Washington, D.C. State program staff work in the states in which PaintCare programs operate. As of the date of this plan, PaintCare Inc. is overseen by an 11-member unpaid Board of Directors representing architectural paint manufacturing companies.

PaintCare Inc. is in the process of establishing sole-member limited liability companies that are each dedicated to administering the paint stewardship program in a particular state. PaintCare intends to establish such a sole-member LLC entity to administer the Vermont paint stewardship program under the anticipated name of PaintCare Vermont LLC. PaintCare Vermont LLC will share PaintCare Inc.'s non-profit status and will meet all necessary qualifications for administering the paint stewardship program under Vermont law. PaintCare Inc. plans to transfer responsibility for management of the Vermont PaintCare program described in this program plan to PaintCare Vermont LLC. When PaintCare Inc. is ready to effectuate that transition, it will notify ANR in writing.

PaintCare representation is open to all architectural paint manufacturers who are obligated to take part in the Vermont paint stewardship program, and they may register with PaintCare at any time. PaintCare currently represents 121 paint manufacturers across its paint stewardship programs.

B. PROGRAM CONTACTS

Primary contact for the Vermont program:

John Hurd
Maine and Vermont Program Manager
(802) 245-4821
jhurd@paint.org

The names and titles of PaintCare staff are listed on PaintCare's webpage. PaintCare will notify ANR of changes to any key state personnel.

3. Manufacturers and Program Products

STATUTORY CITATION

10 V.S.A. § 6673. PAINT STEWARDSHIP PROGRAM

(a) The plan shall address the following:

- (1) Provide a list of participating producers and brands covered by the program.
- (2) Provide specific information on the architectural paint products covered under the program, such as interior or exterior water- and oil-based coatings, primers, sealers, or wood coatings.

SECTION OVERVIEW

This section discusses:

- Manufacturer and brand registration
- Private label agreements
- Registration lists
- Program products

A. MANUFACTURER AND BRAND REGISTRATION

Representation by PaintCare is open to all architectural paint manufacturers who are obligated to take part in the Vermont paint stewardship program. Manufacturers register their company and brands of architectural paint with PaintCare.

PaintCare identifies potential manufacturer participants through a variety of sources, including the following:

- Registrations with PaintCare for other PaintCare programs
- American Coatings Association
- Internet research

Prior to the start of the Vermont program, manufacturers were notified about the Vermont law and program through email and notices on PaintCare's reporting website.

The list of registered manufacturers and brands is expected to change over time.

B. PRIVATE LABEL AGREEMENTS

Private label agreements (or services) represent products manufactured or distributed by one company for use under another company's label. The products are also referred to as store brands or generic brands, and the agreements are also known as tolling agreements. These agreements are often kept confidential to

protect the arrangements from competitive interests. Therefore, PaintCare typically does not specify which brands are produced by which manufacturer, unless the name of the manufacturer is included in the brand name. Instead, registered manufacturers and their registered brands are presented in separate lists to help protect the confidentiality of these agreements.

C. REGISTRATION LISTS

PaintCare posts the lists of registered manufacturers and brands on its website to make them available for retailers and distributors to learn which brands may be legally sold under the Vermont paint stewardship law.

The lists of registered manufacturers and brands as of the submission date of this plan are provided in the appendix. PaintCare intends to provide ANR with current lists monthly and post them to PaintCare's website.

D. PROGRAM PRODUCTS

The terms "program products," "PaintCare products," "architectural paint," and paint are used interchangeably in this plan and in PaintCare communications. In addition, this plan uses the common term "latex paint" to mean non-combustible or water-based program products, and "oil-based paint" to mean combustible or petroleum solvent-based program products. This plan uses the term "PaintCare fee" to refer to the fee/assessment that the Vermont paint stewardship statute requires to be added to the purchase price of program-eligible products in the state.

Program products are architectural paints in containers no larger than five gallons in size. They do not include industrial coatings, coatings used for original equipment manufacturing, and other specialty coatings. The full definition and examples of both program and non-program products are provided in the appendix. This definition is used to determine the products on which manufacturers are to apply the PaintCare fee to fund the program, as well as to determine which products are accepted by the program.

As needed, PaintCare issues product notices to explain or clarify whether and why certain types of products are a part of the program or not. PaintCare posts these product notices on its website and notifies stakeholders, as needed, when such notices are issued. Examples of these notices are also provided in the appendix.

If a new product category is to be added to the program, PaintCare will submit an amended program plan to ANR for approval before adding the product category to the program.

4. Paint Drop-Off Sites and Services

STATUTORY CITATION

10 V.S.A. § 6673. PAINT STEWARDSHIP PROGRAM

(a) The plan shall address the following:

(3) Describe how the program proposed under the plan will collect, transport, recycle, and process postconsumer paint for end-of-life management, including recycling, energy recovery, and disposal, using environmentally sound management practices.

(4) Describe the program and how it will provide for convenient and available statewide collection of post consumer architectural paint in urban and rural areas of the State. The producer or stewardship organization shall use the existing household hazardous waste collection infrastructure when selecting collection points for postconsumer architectural paint. A paint retailer shall be authorized as a paint collection point of postconsumer architectural paint for a paint stewardship program if the paint retailer volunteers to act as a paint collection point and complies with all applicable laws and regulations.

(5) Provide geographic information modeling to determine the number and distribution of sites for collection of postconsumer architectural paint based on the following criteria: (A) at least 90 percent of Vermont residents shall have a permanent collection site within a 15-mile radius; and (B) one additional permanent site will be established for every 10,000 residents of a municipality and additional sites shall be distributed to provide convenient and reasonably equitable access for residents within each municipality, unless otherwise approved by the Secretary.

(6) Establish goals to reduce the generation of postconsumer paint, to promote the reuse of postconsumer paint, and for the proper management of postconsumer paint as practical based on current household hazardous waste program information.

SECTION OVERVIEW

This section discusses:

- Program audience
- Paint drop-off sites and services
- Convenience criteria
- Paint drop-off site operations

PaintCare uses the term paint “drop-off” site in place of paint “collection” site in this plan to denote the action of users of the program (which is to drop off paint), rather than the action of drop-off sites (which is to collect paint).

A. PROGRAM AUDIENCE

The Vermont PaintCare program will be structured to accept program products from all Vermont households, businesses, and others with leftover paint, subject to applicable legal requirements and to practical and economic feasibility. Especially in the event of any future changes to applicable law PaintCare may change the type and/or volume of materials that the program accepts from different program audiences. Any changes made to the program audience served by the program will be reported to the agency and will comply with all applicable legal requirements.

B. PAINT DROP-OFF SITES AND SERVICES

PaintCare partners with owners and operators of household hazardous waste (HHW) collection facilities and events (referred to as HHW programs in this plan) and increases paint collection by setting up new paint drop-off sites and services. The Vermont program includes the following:

- HHW programs
- Solid waste facilities (transfer stations, recycling centers and landfills)
- Retail stores
- Material reuse stores
- Direct pickup services
- PaintCare events

All eligible locations are invited to participate as paint drop-off sites if they can meet PaintCare's operational and other program requirements. For example, the bin storage space must be secure, inaccessible to the public, have an impermeable surface, and be protected from the elements.

Paint drop-off sites generally must accept all program products, have staff available to accept paint during operating hours, accept paint from households and businesses, and accept paint free of charge from participants who drop off paint. In addition, sites must be willing to be listed on the site locator on PaintCare's website and post and distribute PaintCare point-of-sale outreach materials, including a poster advertising their site as a paint drop-off site.

Some exceptions may be allowed in recognition of pre-existing restrictions on HHW programs and other non-retail sites. Current examples include:

- Non-retail sites with a limited geographical service area due to their funding source (e.g., local tax or utility) are not required to accept paint from participants outside of their service area.
- Non-retail sites that do not accept waste from businesses are not required to do so.
- Non-retail sites that accept oil-based paint but do not currently accept latex paint are not required to change their operations to accept latex paint.

- Programs that already charge a fixed amount to businesses for paint drop-off may continue this practice as long as it is clear to the customers that the charges do not relate to services funded by the PaintCare program, including paint collection bins, transportation, and processing.

For all sites, PaintCare provides and covers the cost for paint collection bins, paint transportation, and paint processing (end-of-life management). In addition, all drop-off sites other than HHW programs are offered spill kits. All sites are offered signage, training, and training materials.

B1. Household Hazardous Waste Programs

HHW programs are excellent partners because they provide their customers the convenience of dropping off other products at the same time as paint, and they often have regular customers that have used their programs for many years.

HHW programs partner with PaintCare to help reduce paint management costs, offer expanded services to their community, reduce waste, and/or increase paint recycling.

B2. Solid Waste Facilities (Transfer Stations, Recycling Centers, Landfills)

Solid waste facilities, particularly transfer stations, can be important program partners because like HHW programs, they provide their customers the convenience of dropping off other products at the same time as paint, and they may also have regular customers that have used their facilities for many years. Solid waste facilities are also beneficial, particularly in rural areas, where there might not be HHW facilities or paint retailers to be drop-off sites.

B3. Retailers

Paint retailers are valuable program partners because they are located throughout the state, are often centrally located in cities and towns, are open five or more days per week, and have staff familiar with paint products and their safe handling. In addition, their customers are likely to have some leftover paint and often ask store staff for advice on what to do with it. Retailer participation as a paint drop-off site is voluntary. Retailers are not compensated for being a drop-off site.

Material Reuse Stores

Material reuse stores, such as Habitat for Humanity ReStores, are a subset of retailers that can offer reuse in addition to serving as paint drop-off sites. When paint is dropped off at these sites, it can be screened for possible reuse and then donated or sold back to the local community. PaintCare typically compensates these sites for paint reuse. Paint that is not set aside for reuse is typically placed in paint collection bins. PaintCare has identified nine material reuse stores in the state.

B4. PaintCare Events

Paint drop-off events may be held by PaintCare, especially in areas of the state that are not within 15 miles of a paint drop-off site or have too few drop-off sites for the population of the area.

B5. Direct Pickup Services

PaintCare encourages source reduction. Accordingly, PaintCare may ask direct pickup service participants (described below) to consider if their paint is usable and, if so, to consider donating their paint to their nearest reuse location prior to arranging a pickup appointment.

Large Volume Pickup (LVP) Service

The LVP service is a free pickup service offered to painting contractors, other businesses, organizations, and households with a minimum quantity paint, currently 100 gallons (measured by container volume and not liquid paint volume).

Under current practices, users of the LVP must submit an LVP request form, where they are asked to identify themselves as a household or as a business and provide specific information about their volume of leftover paint, paint type (latex or oil-based), and container sizes. Once approved for pickup, they are put in direct contact with PaintCare's transporter to arrange an appointment.

Recurring Large Volume Pickup (RLVP) Service

The RLVP service is a free service offered to painting contractors and other businesses and organizations that generate large volumes of paint on an ongoing basis. These sites are set up and trained by PaintCare staff on program requirements similar to PaintCare drop-off sites, but they may only use the program for paint from their own operations.

Users of the RLVP service are asked to provide information about the volume and type of paint they generate on a regular basis, and they must have an agreement for service with PaintCare.

B6. Additional Activities

Paint drop-off sites permitted by applicable law to conduct specific additional activities that are beneficial to the program can be compensated for their work. Examples of these activities include operating a reuse program, reprocessing latex paint, bulking oil-based paint, and providing local transportation services.

Reuse

Drop-off sites may operate reuse areas in which they place leftover paint brought to their site in good condition to be given away or sold "as is" to their customers and local community. This paint management method represents the highest, best use of paint and typically reduces program costs by avoiding the transportation and processing costs that would otherwise be required to manage the paint. To support existing paint reuse programs and to provide incentive for additional sites to do reuse, PaintCare compensates sites for conducting reuse, typically based on the quantity given away or sold.

Latex Paint Reprocessing

Latex paint reprocessing involves color sorting, combining, and mixing leftover latex paint together to make recycled-content paint. The paint is usually mixed in batches, poured off into 5-gallon containers and given away or sold locally. Reprocessing is the same thing as paint-to-paint recycling, but PaintCare uses the term reprocessing to distinguish this activity that usually occurs at HHW facilities from the activity that occurs at commercial paint recyclers. As with reuse, latex paint reprocessing typically reduces program costs by avoiding the transportation costs that would otherwise be required to manage the paint. To support existing paint reprocessing programs and to provide an incentive for additional sites to reprocess paint, PaintCare typically negotiates compensation rates for reprocessed paint that is given away or sold.

Oil-Based Paint Bulking

PaintCare makes paint management simple for paint drop-off sites by allowing them to place program products directly into paint collection bins. However, if a site chooses to bulk oil-based paint, it typically results in lower transportation costs for PaintCare. To support these sites, PaintCare negotiates compensation rates for this activity.

Transportation

Sometimes it is more cost-effective for a paint drop-off site to transport paint from one of its locations to another, or to transport paint from an event back to its facility, rather than using PaintCare's contracted transporter. This is most commonly done by HHW programs. In these cases, PaintCare negotiates compensation for the service (e.g., based on a per-event or per-bin basis).

C. CONVENIENCE CRITERIA

To determine whether the program provides adequate and convenient paint recycling opportunities throughout the state, PaintCare used ArcGIS, a mapping and analytics software, and the U.S. Census Bureau's 2020 population data to conduct convenience analysis. The distribution and density criteria set out in the Vermont law are explained further below.

[A list of current year-round collection sites is included as Appendix F.](#)

Distribution Criterion

To achieve the distribution criterion in the Vermont law the program should provide at least 90% of Vermont residents a permanent paint drop-off site within 15 miles.

[The program's 81 year-round drop-off sites provided 99.6% of the state's residents access to a drop-off site within 15 miles, surpassing the distribution goal. When supplemental sites were included, coverage increased to 100%.](#)

Density Criterion

To achieve the density criterion in the Vermont law the program should provide an additional permanent paint drop-off site for every 10,000 residents of a municipality.

The following table lists municipalities in the state with more than 10,000 residents, the number of sites they require, and the level of service the program had as of June 2023, and the target number of drop-off sites the program should provide. Municipalities are defined as either cities, towns, or villages. Estimated population totals for municipalities are updated annually by the U.S. Census Bureau and available in July. The most recent municipal population estimates are from 2022.

In 2017, ANR granted PaintCare an exemption to the density criterion for Burlington. The exemption was based on residents having access to HHW drop-off events supported by PaintCare and other sites in the surrounding towns. With the Burlington exception provided by ANR, the density criterion is currently met.

TARGET NUMBER OF PAINT DROP-OFF SITES IN MUNICIPALITIES WITH MORE THAN 10,000 RESIDENTS

MUNICIPALITY	2022 0 POPULATION	NUMBER OF SITES NEEDED	NUMBER OF YEAR-ROUND SITES	NUMBER OF YEAR-ROUND & SUPPLEMENTAL SITES
Burlington*	44, 743 <u>595</u>	4	<u>1</u>	<u>2</u>
Essex	22, 408 <u>094</u>	2	<u>2</u>	<u>3</u>
South Burlington	20, 292 <u>624</u>	2	<u>4</u>	<u>4</u>
Colchester	17, 604 <u>524</u>	1	<u>1</u>	<u>1</u>
Rutland City	15, 807 <u>695</u>	1	<u>5</u>	<u>5</u>
Bennington	15, 333 <u>312</u>	1	<u>1</u>	<u>2</u>
Brattleboro	12, 106 <u>184</u>	1	<u>3</u>	<u>4</u>
Milton	10, 723 <u>689</u>	1	<u>1</u>	<u>1</u>
Hartford	10, 686 <u>764</u>	1	<u>1</u>	<u>2</u>
Williston	10, 104 <u>103</u>	1	<u>1</u>	<u>1</u>

*ANR granted an exemption for Burlington in 2017 based on available drop-off sites in the surrounding area.

D. DROP-OFF SITE OPERATIONS

All paint drop-off sites must have an agreement in place with PaintCare, follow PaintCare's operational requirements, and operate in accordance with applicable federal, state, and local environmental laws, regulations, and permits.

D1. Drop-Off Site Training

PaintCare offers training by PaintCare staff and a training binder for all drop-off sites. PaintCare typically requires such training for retail drop-off sites and RLVP sites. The binder includes the site guidelines and a training log to be signed by all employees at the site who handle paint for the program. Examples of current training topics include:

- History and goals of paint stewardship programs
- Identification of program products
- Safe handling and storage of program products
- Spill clean-up and reporting
- Procedures for scheduling a paint pickup
- Screening for generator status to determine if a business qualifies to use the program for oil-based paint
- Recordkeeping

A current version of the site guidelines and related forms are provided in the appendix.

D2. Collection Volumes

Drop-off sites may set their own limit on the amount of paint they accept, as long as the limit is no less than five gallons per participant per day and is otherwise compliant with any applicable laws and PaintCare program policies.

D3. Paint Storage

Paint collection bins used in the program may include but are not limited to reusable plastic bins or cardboard bins with liners (approximately 1 cubic yard in size); 55-gallon metal or plastic drums; 30- and 50-gallon cardboard boxes with liners; and 20- and 30-yard roll-off containers.

Drop-off sites are required to follow PaintCare's bin storage requirements. For example, PaintCare's current practice requires sites to (1) keep paint collection bins in a secure location that does not have public access, (2) place the bins on an impermeable surface, and (3) if stored outdoors, be protected from the elements.

D4. Non-Program Products

PaintCare uses public education, signage at drop-off sites, and drop-off site training on product identification to minimize the volume of non-program products entering the program.

PaintCare's transporters and downstream processors are required to track and manage any incidental non-program products that they receive. They are instructed to notify PaintCare of incidents and identify the specific drop-off site from where the non-program products originated and the quantity and type that were found. Depending on the number of non-program products, PaintCare may do one or more of the following: (1)

contact the site to let them know about the incident, (2) provide additional/refresher training on identification of program and non-program products, or (3) in extreme cases, remove the site from the program.

D5. Site Visits

PaintCare staff visit drop-off sites on a regular basis. PaintCare targets visiting retail drop-off sites about every six months and target visiting HHW facilities, solid waste facilities, and RLVP sites annually.

The purpose of these visits is to ensure compliance with program requirements, provide refresher trainings if needed, address any needs, or concerns the sites may have, check their supplies of outreach materials, and solicit feedback about the program.

5. Materials Management

STATUTORY CITATION

10 V.S.A. § 6673. PAINT STEWARDSHIP PROGRAM

(a) The plan shall address the following:

(3) Describe how the program proposed under the plan will collect, transport, recycle, and process postconsumer paint for end-of-life management, including recycling, energy recovery, and disposal, using environmentally sound management practices.

(7) Describe how postconsumer paint will be managed in the most environmentally and economically sound manner, including following the waste-management hierarchy. The management of paint under the program shall use management activities that promote source reduction, reuse, recycling, energy recovery, and disposal.

SECTION OVERVIEW

This section discusses:

- Paint transportation
- Paint processing
- Non-program products and empty containers
- Legal compliance
- Insurance and financial assurance

All descriptions in this section refer to current or typical activities as of the submission of this program plan.

A. PAINT TRANSPORTATION

A1. Transportation System

An efficient transportation system is required to move paint from a large number of paint drop-off sites to processing facilities. The transporters hired by PaintCare, which may include both private and public entities, usually have significant experience in scheduling pickups and routing to maximize efficiency—taking into account the number of stops, locations, volume of paint to be transported, and projected weight of the loads. Transporters must comply with all applicable state and federal rules and regulations and must track the paint from the point of collection to its final destination. Transporters, subsequent processors, and their records, are subject to audit by PaintCare.

PaintCare has contracted transporters to provide service to paint drop-off sites. PaintCare aims to contract with all transporters that service HHW programs within the state so that the HHW programs have the option

of having the same transporter handle program products as the HHW program uses to manage non-paint products.

PaintCare requires its transporters to provide service to paint drop-off sites on an on-call basis (e.g., sites call for pickup when their storage capacity is 50% full) or on a set schedule (e.g., every Tuesday) determined on a site-by-site basis. Transporters are required to deliver empty paint collection bins and spill kits to drop-off sites and pick up full bins in a timely manner. Transporters are typically required to provide service to drop-off sites within five days in urban areas and ten days in rural areas. The longer time period in rural areas is to maximize route efficiency and pick up from multiple locations, yet still serve the location in a reasonable amount of time. For HHW events, transporters are required to deliver empty paint collection bins prior to the start of the event and pick up full bins on the day of the event, unless other arrangements are agreed to prior to the day of the event.

All sites (rural and urban) are asked to accommodate a minimum of two paint collection bins because it is less expensive and more efficient to pick up two or more bins from one location than to serve the same location several times and pick up only one bin each time.

A2. Transporters

As of the submission of the plan, the following transporters are under contracts:

- Central Vermont Solid Waste Management District
- Chittenden Waste Management District
- Clean Harbors
- Northeast Kingdom Waste Management District
- Northwest Vermont Solid Waste Management District
- Tradebe
- US Ecology

The list of transporters utilized by the program may change over time, as needed.

B. PAINT PROCESSING

B1. Processing System

PaintCare contracts for processing and proper end-of-life management of postconsumer paint collected in the program. Prior to releasing the transportation and processing request for proposal (RFP), PaintCare makes reasonable effort to contact all known paint recyclers (both in-state and out-of-state) to inform them of the RFP and contracting process. PaintCare requires that the following hierarchy be followed when prioritizing management of paint collected through the program, subject to practical and economic feasibility in each state. The options are prioritized by highest, best use:

Latex Paint

- 1) Reuse
- 2) Recycling
- 3) Energy recovery
- 4) Disposal

Oil-Based Paint

- 1) Reuse
- 2) Recycling
- 3) Energy recovery
- 4) Incineration

The condition of postconsumer paint when it is received by the program may limit the available management options. If paint containers are not sealed well or are stored improperly (e.g., exposed to extreme temperatures), the paint can dry out or be spoiled by mold, or the cans rust, making the paint no longer ~~unusable~~ usable or recyclable.

The following provides a more detailed description of the latex and oil-based paint management methods that may be utilized by the program. With regard to the above hierarchies, PaintCare determines how to classify each management method based primarily on guidance provided by the EPA and the applicable state environmental agency. Due to differing state views on how particular management methods are classified, PaintCare may classify the same management method differently in different states. For all management methods, processors are required to comply with all applicable law. Because legal requirements vary from state to state, some management methods may not be feasible in every state. Some of the processing methods described below may only be available in certain geographic areas of the country and not available in all PaintCare states or to all transporters.

B2. Latex Paint Management

Reuse

Latex paint may be managed via reuse, meaning that the collected paint is sold or given away in its original labeled container without any alteration of the container contents.

PaintCare supports reuse of latex paint through partnerships with reuse sites including HHW facilities and material reuse stores. These sites are required to document their reuse activities to receive compensation, currently \$1.60 per gallon, for the paint distributed to the public and are encouraged to obtain a participant waiver acknowledging that they accept the material "as is."

PaintCare may also support reuse of latex paint at PaintCare events. Latex paint collected at the event or collected before the event through PaintCare sites and services, which is deemed suitable for reuse may be made available to the public. [As of In 2022, PaintCare is also began piloting PaintCare reuse paint giveaway events in other program states](#), where the primary activity is distribution of reusable paint collected in advance through PaintCare sites and services. There is no cost to participants for paint taken at either event type.

Paint-to-Paint Recycling

Latex paint may be used to make recycled-content latex paint. Drop-off sites (most commonly HHW facilities) that make recycled-content latex paint typically sort the paint by color, then combine and blend the leftover latex paint into a uniform color which varies from batch to batch. The recycled-content latex paint is then typically given away or sold locally. Commercial latex paint recyclers typically manufacture a color-sorted, blended, and filtered recycled-content paint that is sold domestically and/or internationally. Typically, purchasers of this product either use/re-sell it as is or use it as an input in further paint production.

Lightweight Aggregate

Latex paint may be used as a component in lightweight aggregate. The lightweight aggregate is then offered for sale as lightweight aggregate, used to produce landscape products, or used as a component in various precast concrete products.

Decorative Ground Cover

Dry latex paint may be used as the primary component in a decorative ground cover product.

Energy Recovery

Latex paint may be processed for energy recovery at a waste-to-energy facility.

Alternative Daily Landfill Cover

Latex paint may be used as a component in alternative daily landfill cover (ADC).

Disposal

Dry and solidified latex paint may be sent to landfill for disposal. Use of a permitted landfill for disposal is the least preferred management method for latex paint.

B3. Oil-Based Paint Management

Reuse

Oil-based paint may be managed via reuse, meaning that the collected paint is sold or given away in its original labeled container without any alteration of the container contents.

PaintCare supports reuse of oil-based paint through partnerships with reuse sites including HHW facilities and material reuse stores. These sites are required to document their reuse activities to receive compensation, currently \$1.60 per gallon, for the paint distributed to the public and are encouraged to obtain a participant waiver acknowledging that they accept the material "as is."

PaintCare may also support reuse of oil-based paint at PaintCare events. Oil-based paint collected at the event or collected before the event through PaintCare sites and services, which is deemed suitable for reuse may be made available to the public. As of In 2022, PaintCare is also began -piloting PaintCare reuse paint giveaway events in other program states, where the primary activity is distribution of reusable paint collected in advance through PaintCare sites and services. There is no cost to participants for paint taken at either event type.

Paint-to-Paint Recycling

Oil-based paint may be used to make recycled-content oil-based paint. Commercial oil-based paint recyclers typically manufacture recycled-content oil-based paint in a variety of colors that is sold domestically and/or internationally.

Energy Recovery

Oil-based paint may be processed for energy recovery (e.g., at cement kilns or waste-to-energy facilities).

Incineration

Oil-based paint may be incinerated. Some hazardous waste incinerators process oil-based paint, flammable liquids, and other hazardous wastes and industrial byproducts as a substitute fuel source because they are readily available and have a high BTU value.

B4. Processors

As of the submission of the plan, the following processors may be utilized by the transporters listed in Section A above:

LATEX PAINT PROCESSORS

PROCESSOR	LOCATION	PROCESS
Bristol Virginia Landfill	Bristol, VA	Disposal
Chittenden Waste Management District	Burlington, VT	Reuse, Paint-to-Paint Recycling
Emerald Energy	Mississauga, ON	Energy Recovery
GDB	Monmouth Junction, NJ	Paint-to-Paint Recycling
Lee County Solid Waste Facility	Bishopville, SC	Disposal
Loop	Niagara Falls, ON	Paint-to-Paint Recycling

MXI	Abingdon, VA	Paint-to-Paint Recycling
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OIL-BASED PAINT PROCESSORS

PROCESSOR	LOCATION	PROCESS
Aimco Solrec	Burlington, ON	Energy Recovery
Ash Grove	Foreman, AR	Energy Recovery
Buzzi-Unicem	Cape Girardeau, MO Greencastle, IN	Energy Recovery
Chittenden Waste Management District	Burlington, VT	Reuse
Clean Harbors	El Dorado, AR	Incineration
ESSROC	Hannibal, MO	Energy Recovery
Holcim	Holly Hill, SC	Energy Recovery
Loop	Niagara Falls, ON	Paint-to-Paint Recycling

The list of processors utilized by the program may change over time, as needed.

C. NON-PROGRAM PRODUCTS AND EMPTY CONTAINERS

C1. Non-Program Products

Although drop-off sites are instructed and trained to screen for non-program products, a small number of containers of non-program products may enter the program and be screened out during the sorting process by PaintCare’s transporters and processors. PaintCare requires its transporters and processors to appropriately manage such products under applicable law, rather than returning them to a drop-off site.

C2. Empty Paint Containers

To the extent feasible, empty metal and plastic paint containers are recycled. PaintCare works with the program’s contracted transporters, processors, and interested recyclers to identify and utilize available opportunities for container recycling, as necessary. Unrecyclable containers are typically disposed of as solid waste.

D. LEGAL COMPLIANCE

As part of their contract, all transporters, processors and their subcontractors are required by PaintCare to have processes in place to ensure compliance with applicable federal, state, and local environmental laws, regulations, and permits. Transporters and processors must require any subcontractors they use to comply with all applicable environmental regulations and other laws relating to the services provided by those subcontractors. Under the contract terms, violations of law constitute a breach and can be grounds for termination.

PaintCare has established procedures for monitoring both transporters and processors that manage materials in connection with the PaintCare program. Such procedures include both routine monitoring of performance by transporters and processors, as well as a vendor audit program. These procedures are designed to provide reasonable assurances that all transporters and processors comply with all applicable laws and engage in appropriate recordkeeping, tracking, and reporting of materials managed through the program.

Examples of typical audit criteria include the following: a review of applicable licenses/permits, emergency response planning, insurance coverage (including environmental insurance for vendors that transport or process hazardous materials in connection with the PaintCare program), data tracking, and reporting practices.

E. INSURANCE AND FINANCIAL ASSURANCE

PaintCare requires all contractors—drop-off sites, transporters, processors, etc.—to carry insurance appropriate to the services provided for the PaintCare program. The specific amount and terms vary from contractor to contractor and may include the following:

- Commercial General Liability Insurance
- Commercial Automobile Liability Insurance
- Workers' Compensation Insurance
- Environmental Pollution Liability Insurance
- Endorsements to name PaintCare as an additional insured on relevant insurance policies

Because contractors have widely different insurance policies (e.g., commercial insurance vs. self-insurance, differing limits), PaintCare evaluates (often with the assistance of outside legal counsel) the insurance terms in each contract on a case-by-case basis with the aim of ensuring that all contractors maintain insurance of the types and in the amounts appropriate for the services each contractor provides to the PaintCare program. PaintCare itself also carries Pollution Liability and Commercial General Liability Insurance.

PaintCare also requires all contractors to comply with all federal, state, and local laws. If financial assurance requirements are applicable to a PaintCare contractor by law, then they must be in compliance with those laws.

6. Communications

STATUTORY CITATION

10 V.S.A. § 6673. PAINT STEWARDSHIP PROGRAM

(a) The plan shall address the following:

(8) Describe education and outreach efforts to inform consumers of collection opportunities for postconsumer paint and to promote the source reduction and recycling of architectural paint for each of the following: consumers, contractors, and retailers.

SECTION OVERVIEW

This section discusses:

- Outreach methods
- Message platform
- Target audiences
- Joint outreach with local government programs
- Website and site locator
- Hotline
- Evaluation of outreach
- Examples of outreach materials

A. OUTREACH METHODS

PaintCare is committed to providing robust and effective statewide education and outreach for the Vermont paint stewardship program using a variety of communication methods, which typically include:

- Print materials (e.g., brochures, fact sheets, cards, signage)
- Digital media (e.g., streaming audio channels, online video, website banner ads)
- Social media (e.g., organic and paid promotion on social media websites like Instagram, Facebook)
- Traditional media (e.g., newspaper, radio, television)
- Earned media (e.g., articles in news outlets, TV & radio interviews, other press coverage)
- Face-to-face communications (e.g., retail site visits, presentations, tabling at conferences, expos and public events, webinars)

B. MESSAGE PLATFORM

B1. Paint Smarter – Buy Right, Use It Up, Recycle the Rest

The “Reduce, Reuse, Recycle” message platform has been used by environmental organizations and waste management programs for many years. To reduce the amount of postconsumer paint and to inform the public how and where to recycle their leftover paint, PaintCare uses an instructive, paint-specific version of Reduce, Reuse, Recycle:

- Reduce: Buy Right.
- Reuse: Use It Up. (Also: Store Right and Give It Away)
- Recycle: Recycle the Rest.

“Buy Right” means purchase the right amount of paint for a job to reduce potential waste; “Use It Up” means use up leftover paint whenever possible; and “Recycle the Rest” means if you still have unwanted paint, drop it off at a PaintCare site for management. PaintCare also promotes “Store Right” and “Give It Away” as part of Reuse. “Store Right” means that if you hold on to paint, keep it in good condition for use later, and “Give it Away” means pass it on to other households or organizations in the community in need of paint.

B2. Program Awareness

Additional messages are used to create awareness of the program and answer these questions:

- What is PaintCare and why does the program exist?
- Why was the law passed (e.g., product stewardship, potential cost savings to local government waste collection programs)?
- How much is the PaintCare fee and what is it for?
- Which products are accepted in the program and which products are not?

C. TARGET AUDIENCES

PaintCare’s outreach and education strategy focuses appropriate messages to the following audiences:

- Households
- Businesses and organizations that generate paint (e.g., professional painters, contractors, property managers, schools and universities, hotels)
- Relevant trade groups (e.g., associations that serve professional painters and builders, realtors, and building managers)
- Paint retailers
- HHW programs and solid waste facilities
- Manufacturers
- Non-English speakers

The following examples illustrate how the program adjusts the emphasis of messaging in outreach materials based on target audience:

C1. Households

- Emphasize how to find a drop-off site to recycle paint, the information most often requested.
- Promote using up leftover paint to do-it-yourselfers as a primer or for creative projects.
- Educate consumers on how to buy the right amount of paint by describing factors involved (e.g., square footage of walls, surface texture, coverage rate of paint, whether surfaces have been primed) and prompting consumers to consult with paint professionals.

C2. Businesses that Generate Paint

- Emphasize how to find a drop-off site to recycle paint.
- Promote using up leftover paint.
- Promote the LVP service so they can request a direct pickup of large quantities of leftover paint, rather than transport paint to drop-off sites a little at a time.

C3. Relevant Trade Groups

Associations of painting and building contractors have proven an effective avenue for PaintCare to reach out to professional painters who use large amounts of paint. In addition to utilizing PaintCare's services for leftover paint, professionals also often purchase paint on behalf of clients and can make them aware of the PaintCare program.

PaintCare seeks out other professional associations, such as networks of realtors and building managers. Realtors can provide information to home buyers who may find paint left behind by previous owners, or they may work with contractors to paint homes being prepared for sale. Building managers often accumulate leftover paint while maintaining buildings and facilities.

C4. Paint Retailers

PaintCare has developed print materials for use by all paint retailers to educate store staff and the general public about the program, regardless of whether they are drop-off sites. PaintCare provides these materials at no charge. Examples include:

- Brochures and cards that help the public find drop-off sites and explain the program.
- Signage that promotes general awareness of the program, explains the PaintCare fee, lists accepted products, and displays how to find a paint drop-off site.
- Fact sheets designed for a variety of audiences and subjects (e.g., general information, how to become a paint drop-off site, how to use the LVP service).

Retailers are able to download or order printed materials using PaintCare's website order form or by phone. Drop-off sites also receive materials from PaintCare staff during site visits.

PaintCare sends several mailed notifications to retailers before the revised fee structure goes into effect, as well as a package of updated printed materials. The mailers include:

- Program brochures and painting contractor fact sheets to inform their customers about the revised fee structure.
- Information about the statutory requirements to include the PaintCare fee in their product price, to only sell registered products, and provide information about the program to customers.
- Information about how to request additional print materials, and how to access them online.

C5. HHW Programs and Solid Waste Facilities

PaintCare provides fact sheets and interest forms to explain how HHW programs and solid waste facilities, including transfer stations, recycling centers, and landfills, can partner as paint drop-off sites and the benefits of participating in the program.

C6. Manufacturers

PaintCare maintains a webpage tailored to manufacturers which includes the following information:

- Dedicated staff contact.
- Information on the manufacturer and brand registration process, and a link to the registration area.
- Publicly posted registration lists.
- Information on PaintCare products and product notices.
- Information on remitter agreements for manufacturers.

Changes in the program, including fee structure, are communicated to manufacturers in a variety of ways, including:

- Email newsletters.
- Alerts on PaintCare homepage and other web pages.
- Prompts in the remittal system.

C7. Non-English Speakers

PaintCare has translated its program brochure for all PaintCare programs into Amharic, Arabic, Armenian, Bengali, Chinese, Farsi, French, Haitian Creole, Hawaiian, Hindi, Hmong, Italian, Japanese, Khmer, Korean, Lao, Polish, Portuguese, Punjabi, Russian, Somali, Spanish, Tagalog, Thai, Turkish, Ukrainian, Vietnamese, and Yiddish. Two widely used fact sheets that provide information about the LVP service and guidance for

painting contractors are also available in the aforementioned 27 languages. Translated materials are available to retailers, HHW program and other stakeholders, and electronic copies are posted on PaintCare’s website. PaintCare considers translating materials to other languages upon request.

F. JOINT OUTREACH WITH LOCAL GOVERNMENT PROGRAMS

PaintCare promotes HHW and other local government drop-off site partners through its outreach efforts if they wish to be promoted. PaintCare has also established a process for local governments to coordinate joint outreach projects, through which PaintCare assists them with funding and developing outreach campaigns focused on paint recycling for digital, print, radio, and other media. To initiate a project, the local government partners are asked to complete a form describing the project and budget for approval. PaintCare considers a reimbursement proportional to the amount of the campaign devoted to the PaintCare program services. For example, when staff of the Housatonic Resource Recovery Authority in Connecticut published an annual newspaper advertisement promoting its calendar of HHW events for towns in its region, they devoted half of the page to PaintCare products and information, and PaintCare funded half of the advertisement cost. Local governments may propose any project that includes a PaintCare message using any medium. The current version of the joint outreach fact sheet is provided in Appendix C.

G. WEBSITE AND SITE LOCATOR

PaintCare’s website provides public access to information about all key aspects of the program. The site makes it easy for the public to find paint drop-off options, request LVPs, view accepted products, and answer questions about the program. It also provides targeted resources for retailers, manufacturers, painting contractors, and local government waste facilities. State-specific pages for each PaintCare program contain links to program plans, annual reports, laws, and other official documents. The “Paint Smarter” section educates the public about PaintCare’s “Buy Right, Use It Up, Recycle the Rest” messages, including useful tips and resources. PaintCare’s website is available in Spanish translation.

PaintCare strives to continually provide accurate, up-to-date information regarding paint recycling options available to the public. PaintCare has developed and maintains a national database of paint drop-off sites and makes the information available through a drop-off site locator on PaintCare’s website. The locator provides a paint-specific, easy-to-use way to search for the nearest available paint drop-off site. Site-specific information explains who is eligible to use a site and what limitations apply.

The site locator resource is currently organized as follows: for PaintCare states, the locator lists only paint drop-off sites, including HHW programs, that partner with PaintCare. For non-PaintCare states, it lists HHW programs as locations where the public can bring leftover paint.

H. HOTLINE

PaintCare operates a weekday hotline to assist the public with finding the nearest drop-off site and to answer questions about the program. The hotline staff speak English and can access live language interpretation in Spanish and a number of other languages when requested.

I. EVALUATION OF OUTREACH

PaintCare typically conducts surveys to evaluate the effectiveness of the education and outreach efforts. The surveys measure awareness of paint recycling among households and painting professionals and include questions about reducing leftover paint, opportunities for reuse and recycling paint, and intention to use those options in the future. Other questions may vary from one survey to another. PaintCare typically reports on the results of each survey in annual reports.

J. EXAMPLES OF OUTREACH MATERIALS

Current versions of the following outreach materials are provided in the appendix:

- Program trifold brochure
- Fact sheet for HHW programs about becoming a PaintCare partner under the paint stewardship law
- Fact sheet for solid waste facilities about becoming a paint drop-off site under the paint stewardship law
- Fact sheet for retailers describing their responsibility and providing a program overview
- Fact sheet for retailers about becoming a paint drop-off site
- Fact sheet for painting contractors describing the PaintCare fee and services
- Fact sheet about the LVP service
- In-store informational poster
- "Recycle Here" poster for paint drop-off sites
- Fact sheet on joint outreach with local governments

7. Funding and Budget

STATUTORY CITATION

10 V.S.A. § 6673. PAINT STEWARDSHIP PROGRAM

(b) The producer or stewardship organization shall submit a budget for the program proposed under subsection (a) of this section, and for any amendment to the plan that would affect the program's costs. The budget shall include a funding mechanism under which each architectural paint producer remits to a stewardship organization payment of a paint stewardship assessment for each container of architectural paint it sells in this State. Prior to submitting the proposed budget and assessment to the Secretary, the producer or stewardship organization shall provide the budget and assessment to a third-party auditor agreed upon by the Secretary. The third-party auditor shall provide a recommendation as to whether the proposed budget and assessment is cost-effective, reasonable, and limited to covering the cost of the program. The paint stewardship assessment shall be added to the cost of all architectural paint sold in Vermont. To ensure that the funding mechanism is equitable and sustainable, a uniform paint stewardship assessment shall be established for all architectural paint sold. The paint stewardship assessment shall be approved by the Secretary and shall be sufficient to recover, but not exceed, the costs of the paint stewardship program.

SECTION OVERVIEW

This section discusses:

- Funding mechanism
- Paint sales
- Paint collection volume
- Budget description
- PaintCare fee structure
- Program budget

A. FUNDING MECHANISM

The PaintCare fee is applied to qualifying containers of architectural paint sold in Vermont. The PaintCare fee is set at a rate to cover but not exceed the cost of operating and sustaining the Vermont program. All revenue generated by the fee on Vermont paint sales is spent to support the Vermont program. The following steps describe the application of the PaintCare fee:

- Manufacturers add the PaintCare fee to containers of architectural paint sold in Vermont directly or through dealers (retailers and distributors).
- Retailers and distributors pass the PaintCare fee to their customers by including it as part of the purchase price of architectural paint they sell in Vermont. This is how retailers and distributors recoup the PaintCare fee they paid when purchasing architectural paint from their suppliers.

- When consumers buy architectural paint in Vermont, the PaintCare fee is included as part of the purchase price. Although the fee must be part of the purchase price, retailers can choose whether to list the fee as a line item on the receipt. PaintCare encourages retailers to show the fee to aid in customer education and provide consistency across the program. Most retailers choose to show the fee as a line item on receipts.
- Manufacturers report sales of architectural paint and remit to PaintCare the PaintCare fee for architectural paint they sold in Vermont in the preceding month. Manufacturers will have already recouped the PaintCare fee they pay to PaintCare because the fee is included as part of the price of their architectural paint when they sold it to their dealers. Some companies may be allowed to report sales on a less frequent schedule if their sales are minimal.

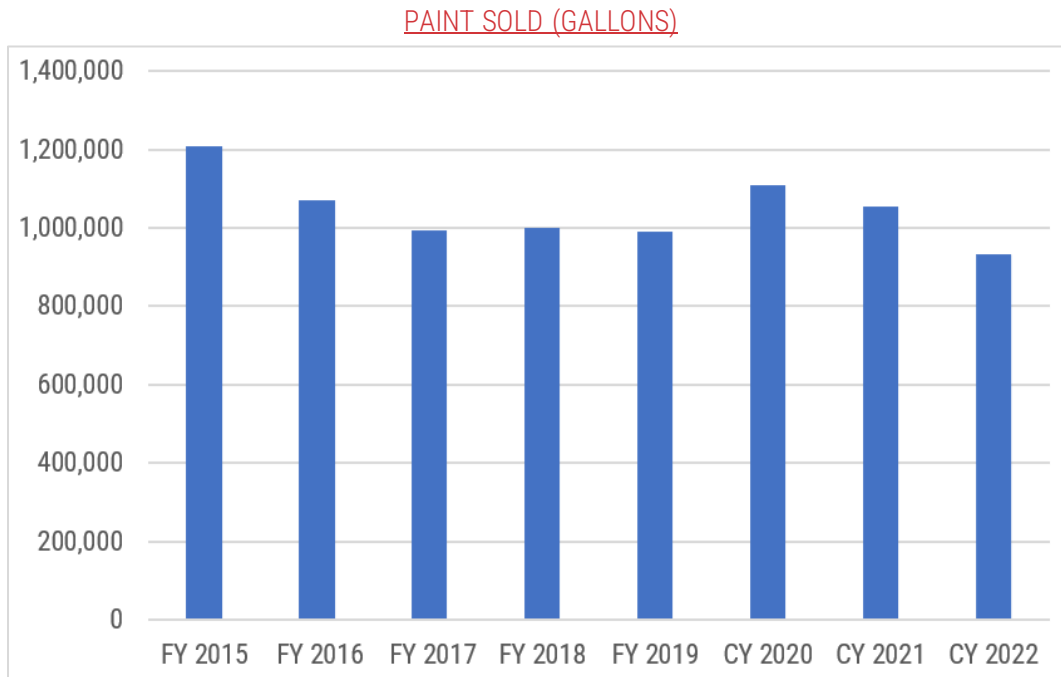
B. PAINT SALES

~~Architectural paint sales increased in 2020 and 2021 compared to 2019 due to pandemic driven increases in home maintenance and sales but slowed down in 2022 and are projected to remain near 2022 levels for the next few years. To estimate Vermont architectural paint sales for this plan, PaintCare consulted with Decision Metrics, Inc., a firm used by the American Coatings Association during the past 25 years, as well as PaintCare and some individual paint companies to project and model paint sales nationally, in certain states, and in smaller geographic regions such as counties. Lynda Gordon, president, and owner of Decision Metrics has worked in the paint and coatings industry since 1988 and is a graduate of the Tepper School of Management at Carnegie-Mellon University and holds an undergraduate degree in econometrics and an MBA in economics and organizational theory. Lynda developed a series of statistical models used to project demand for paint and publishes a quarterly report that provides a current-period coatings demand estimate as well as a forward-looking view of anticipated coatings demand. The paint forecast models have been rigorously tested for years and consistently demonstrate a strong relationship between existing home sales and demand for architectural coatings.~~

~~To project the total gallons sold and provide a container size breakdown (1-gallon vs. 5-gallon) for Vermont, Decision Metrics considered many key metrics, including housing starts and home sales, construction projects, the residential home improvement market (DIY), and other economic conditions. To assist Decision Metrics, PaintCare provided actual historical monthly sales totals reported by each size category for Vermont.~~

~~The Decision Metrics model projected sales for 2023 to be very close to 2022; however, sales continue to lag, and newer data indicates lower 2023 sales than initially projected. Although paint sales have ebbed and flowed since the beginning of the program, in most years— sales hovered near the 1-million-gallon mark. Sales surged during the pandemic due to an increase in the DIY market and then fell sharply in 2022. The Decision Metrics model forecasts sales to upturn slightly in 2024 and 2025 but to stay below the historical average and trend near 2022 sales levels for the next few years. The following table shows architectural the paint sales from 2019 through 2022.~~

The following bar chart shows architectural paint sales from July 1, 2014, through December 31, 2022. – The years 2015 through 2019 are July-June fiscal years (FY below), while years 2020 through 2022 are January-December fiscal years (CY below).



	2019	2020	2021	2022
Gallons Sold	<u>990,090</u>	1,107,685	1,053,612	<u>933,054</u>

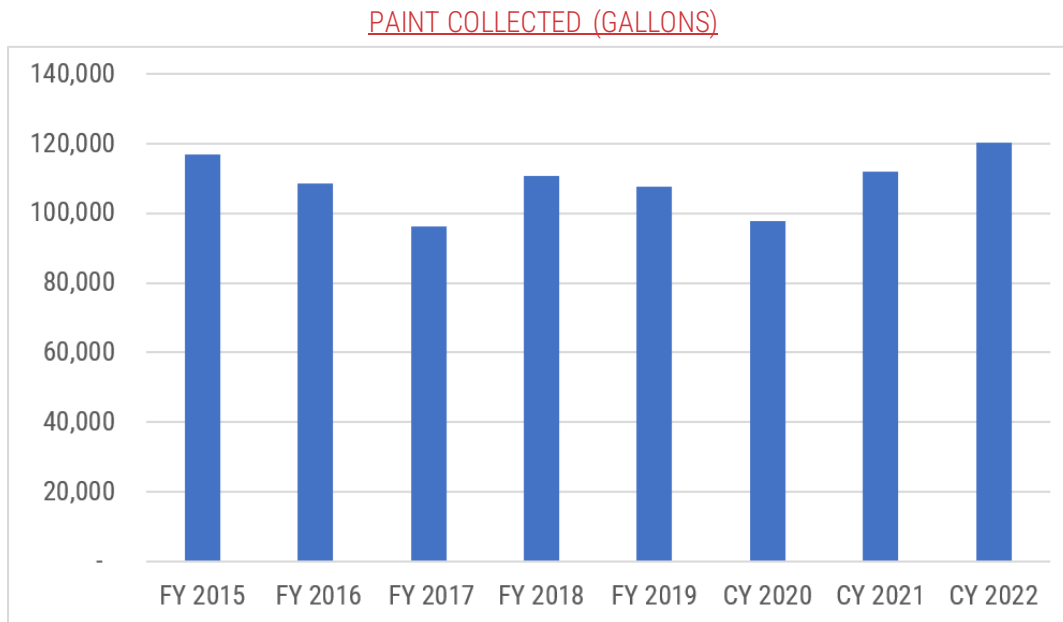
C. PAINT COLLECTION VOLUME

While paint collection activities and gallons collected slowed down in 2020 compared to 2019 due to the pandemic, they increased over 2019 volumes in 2021 and increased further in 2022. Because retailers typically do not drop out of the program and collection volumes from the HHW programs are not projected to decline, overall collection is projected to remain near 2022 levels for the next few years. The following table shows paint collection volumes for calendar years 2019 through 2022.

PAINT COLLECTED (GALLONS)

	2019	2020	2021	2022
Gallons Collected	100,088	97,663	111,847	120,388

The following bar chart shows paint collection volumes from July 1, 2014, through December 31, 2022. The years 2015 through 2019 are July-June fiscal years (FY below), while the years 2020 through 2022 are January-December fiscal years (CY below).



D. BUDGET DESCRIPTION

Based on anticipated paint collection volumes and paint sales, and the proposed fee structure provided in section E below, PaintCare has developed budget projections for the next four years (2023-2026). The primary elements of the budget are discussed here.

Revenue

Revenue is calculated using the current fee structure for 2023 and the first quarter of 2024. The revised fee structure (shown in the following subsection) is used to calculate revenue for the remainder of 2024 and for subsequent years.

Operations Expenses

Operations includes all in-state expenses (also called direct expenses) specific to operating the Vermont program. These costs are borne entirely by the Vermont program and not shared with other PaintCare programs.

They are categorized as follows:

- **Paint processing.** This is usually the most significant expense of the program. Costs are based on vendor pricing and payments for the additional activities (e.g., reuse) at sites. A vendor price increase is

budgeted for 2024 and small increases are included in subsequent years to ~~cover account for~~ rising costs and/or paint collection volume.

- **Paint transportation.** This expense includes the cost of transporting paint bins from paint drop-off sites to paint processing locations. A vendor price increase is budgeted for 2024 and small increases are included in subsequent years to account for rising costs and/or paint collection volume.
- **Paint collection supplies and support.** These expenses include the cost of paint collection bins, spill kits, PaintCare event expenses, training materials, signs, labor to pack paint at LVP sites, and other paint collection-related support. A vendor price increase is budgeted for 2024 and small increases are included in subsequent years each year to account for rising costs and/or paint collection volume.
- **Communications.** These expenses include advertising and educational materials to increase awareness of the program and to promote drop-off sites, events, and other services. Communication expenses were reduced from 2022 levels due to the increasing deficit and will be increased as the financial position of the program improves.
- **Personnel, professional services, and other.** These expenses include the cost of staff working directly to implement the Vermont program; legal costs for regulatory review and developing contracts; and other logistical, professional support (including government affairs but specifically excluding lobbying that must be reported on IRS Form 990 or 990-EZ Schedule C), and office expenses and other miscellaneous items. An increase was included each year to account for rising costs.
- **State agency administrative fees.** This expense will be paid by PaintCare to ANR for oversight of the programs. ~~A small increase is included each year to account for rising costs.~~

Corporate Expenses

Corporate expenses (also called indirect expenses) are those that are not specific to the Vermont program but support all current and future PaintCare programs. These costs include but are not limited to corporate staffing (e.g., PaintCare's president, director of operations, communications team); back-office support (e.g., information technology, legal, and accounting); company-wide auditing, insurance, outside counsel, and other professional services; software licenses and maintenance of data management systems; occupancy; general communications; and other supplies and services that support all PaintCare programs.

Corporate expenses are allocated among all PaintCare programs based on their relative populations in the most recent census. New programs begin to pay their relative share about six months before program starts. At the time of plan submission, Vermont represents 0.7% of the combined population of the PaintCare programs (based on 2020 census data). In future years, PaintCare may update the corporate allocation based on the population estimates published annually by the Census Bureau.

In addition, as additional states pass paint stewardship legislation, those states are added to the corporate allocation formula and the share of corporate expenses decrease for each of the current programs.

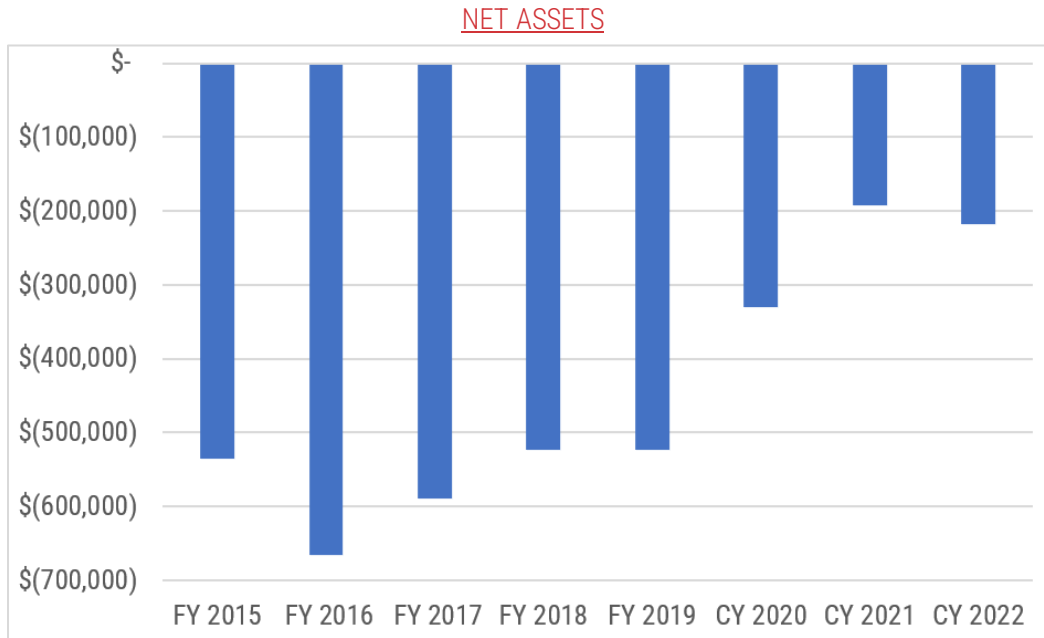
Operating Reserves

Reserves represent the net assets (cash and investments) of the Vermont program. Reserves are needed to sustain the program in times of either higher-than-expected paint collection volumes resulting in higher-than-expected expenses, lower-than-expected paint sales resulting in lower-than-expected revenue, or a combination of the two.

PaintCare's reserves policy establishes a target reserve as a percentage of annual expenses and sets a minimum and maximum threshold. If the reserves fall below the minimum threshold or rise beyond the maximum threshold, an evaluation of the program's expenses and revenue is performed to determine if changes are needed in operations, outreach, and/or the fee structure to bring the reserve balance within range. PaintCare currently has a target reserve of 100% of annual expenses (i.e., 12-months of operating expenses), with a minimum threshold of 75% (i.e., nine months) and a maximum threshold of 125% (i.e., 15 months).

Driven primarily by lower-than-expected paint sales, the Vermont program has accumulated debt since the program began. PaintCare implemented an approved fee increase in 2016 to cover all program costs and slowly bring down the program debt, which peaked at negative \$655,659. Higher paint sales and lower paint collection during the pandemic helped to accelerate the reduction of debt to a low of negative \$193,046 in 2021. However, the debt is again increasing because of several factors, including paint collection volumes exceeding pre-pandemic levels, a slowdown in paint sales, and cost increases for paint transportation and processing services. A second fee increase is necessary to bring the program out of debt while covering the program's cost and maintaining appropriate operating reserves.

The following bar chart shows net assets from July 1, 2014, through December 31, 2022. The years 2015 through 2019 are July-June fiscal years (FY below), while the years 2020 through 2022 are January-December fiscal years (CY below).



E. PAINTCARE FEE

Based on the projected paint sales, revenue, and expenses, PaintCare proposes the following increases in the program fee structure which has been reviewed and approved by PaintCare’s Board of Directors:

SIZE	DESCRIPTION	CURRENT FEE	PROPOSED FEE
Very Small	Half pint or smaller	\$ 0.00	\$ 0.00
Small	Larger than half pint up to smaller than 1 gallon	\$ 0.49	\$ 0.65
Medium	1–2 gallons	\$ 0.99	\$ 1.35
Large	Larger than 2 gallon up to 5 gallons	\$ 1.99	\$ 2.45

Audit of the PaintCare Fee

To help ensure that the program’s funding mechanism is appropriate to cover the cost of the program, the Vermont law requires the proposed PaintCare fee to be reviewed by an independent financial auditor.

PaintCare conducted a search for a qualified financial auditor to review the PaintCare fee as required by law. Criteria for selecting an auditor included: relevant experience; cost; independence (e.g., no conflicts of interest with PaintCare, its related companies, PaintCare’s Board member companies); ability to meet PaintCare’s contractual requirements (including confidentiality requirements); and approval from ANR. Lydon Fetterolf Corydon, P.A. has conducted the audit, which is included in Appendix E.

The audit report issued by Lydon Fetterhoff Corydon, P.A., is provided in the appendix.

F. FINANCIAL SUMMARY

The following table provides program revenue and expenses for 2022 and the projected budget for January 1, 2023 – December 31, 2026. For the fee audit, projections were based on actual revenue and expenses for January 1 through July 31, 2022, and estimated revenue and expenses for August 1 through December 31, 2022. Since the completion of the audit, lower-than-expected paint sales and higher-than-expected paint collection have further impacted revenue and expenses. The summary below includes updated sales projections provided by Decision Metrics in March 2023 and a budgeted increase in vendor costs for paint collection, transportation, and processing services beginning in 2024. The fee increase is budgeted to take effect on April 1, 2024.

PROJECTED REVENUE AND EXPENSES

REVENUE	2022 ACTUALS ¹	2023	2024	2025	2026
Small Containers	\$101,859	\$99,067	\$125,901	\$ 135,855	\$ 135,855
Medium Containers	600,844	584,026	762,733	823,617	823,617
Large Containers	107,932	104,959	126,093	133,684	133,684
Total Revenue	810,636	788,052	1,014,728	1,093,156	1,093,156

EXPENSES	2022 ACTUALS ¹	2023	2024	2025	2026
Paint Processing	493,397	503,300	528,500	533,800	539,138
Paint Transportation	126,238	128,800	135,200	136,600	137,966
Paint Collection Supplies and Support	109,303	111,500	117,100	118,300	119,483
Communications	17,048	13,000	13,000	13,000	13,000
Personnel, Professional Fees, Other	43,097	95,537 ²	75,252	76,965	78,739
State Agency Administrative Fees	15,000	15,000	15,000	15,000	15,000
Allocation of Corporate Activity	44,310	58,132	59,876	61,672	63,522
Total Expenses	848,395	925,269	943,928	955,338	966,848

OTHER	2022 ACTUALS ¹	2023	2024	2025	2026
Allocation of Investment Activity	12,848	0	0	0	0
Change in Net Assets	(24,912)	(137,217)	70,800	137,818	126,308
Net Assets, Beginning of Year	(193,486)	(218,398)	(355,615)	(284,815)	(146,997)
Net Assets, End of Year	\$ (218,398)	\$ (355,615)	\$ (284,815)	\$ (146,997)	\$ (20,689)
Reserve as Percentage of Total Expenses	-26%	-38%	-30%	-15%	-2%

¹ 2022 actuals are provided for ease of reference.

² Includes a one-time professional services payment for the fee audit.