

**DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

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P.O. BOX 4025, SACRAMENTO, CALIFORNIA 95812

April 30, 2012

Marjaneh Zarrehparvar
Executive Director
PaintCare, Inc.
1500 Rhode Island Avenue, NW
Washington, DC 20005

ORIGINAL SENT VIA E-MAIL

Re: CalRecycle Comments on California Architectural Paint Stewardship Plan

Dear Ms. Zarrehparvar,

On behalf of the California Department of Resources Recycling and Recovery (CalRecycle), I wish to thank you for submitting a very thoughtful Architectural Paint Stewardship Plan (Plan) that aims to advance architectural paint stewardship and recycling in California. Overall, CalRecycle staff have found the Plan to be clear and comprehensive, representing a very good effort at implementing manufacturers' responsibilities under AB 1343.

At the same time, CalRecycle staff have determined that additional clarity and/or details are needed in a few areas of the Plan in order for the Plan to more directly conform to statute. Staff recommendations are provided for consideration, where appropriate. The attached comments, identified below by Plan section number, should be addressed prior to CalRecycle staff issuing its recommendation for approval/disapproval of the PaintCare Plan.

Please do not hesitate to contact me or Cynthia Dunn or Emily Wang of my staff regarding the information presented should it be unclear. Again, we are encouraged by the initial quality of the Plan, and look forward to continuing to work with you to complete the Plan review and approval process expeditiously so that PaintCare can move into the implementation phase of this important program.

Sincerely,

A handwritten signature in black ink that reads "Brenda Smyth".

Brenda Smyth, Branch Chief

CalRecycle

Attachments: CalRecycle Staff Comments on PaintCare Stewardship Plan, dated April 2, 2012
Sample Budget, titled "Copy of BCPFiscalDetailSheets.xlsx"



CalRecycle Staff Comments on PaintCare Stewardship Plan, dated April 2, 2012

Section 6: Collection Infrastructure and Goals

Comment #1: Retail participation. Clarify when retail site recruitment will begin. Additionally, describe how PaintCare will address a retailer(s) that contacts PaintCare for inclusion in PaintCare's program even if this occurs prior to the scheduled retail site recruitment phase [per PRC 48703 (f)].

Recommendation: Based on discussions with PaintCare, staff understands that retail coordination will be occurring during Phase 1. PaintCare will conduct a similar process for retail site recruitment as is currently being undertaken for household hazardous waste program site recruitment (e.g., retailers will be invited to participate, PaintCare will track names and locations of interested retailers to evaluate program needs and determine subsequent negotiations). Additionally, PaintCare indicated that the 750 collection sites actually refers to fixed locations (does not include one-day events). Staff suggests describing these activities in the revised Plan.

Comment #2: Provide definitions or references for the program types (e.g., "Temporary" and "Recycle-Only") that are mentioned in the Plan (i.e., Table 6A. Existing Infrastructure, pg. 12). E.g., Health and Safety Code Section 25218.1, or other reference.

Comment #3: Draft collection site guidelines (Appendix K). Supply a final version of these guidelines when they are available.

Comment #4: Goals:

- The Plan appears to have a very robust description of service level goals for statewide coverage by suggesting one site for every 30,000 residents in a designated area. However, please clarify what opportunities will exist for those residents that are in a designated area with less than 30,000 residents.

Recommendation: Staff understands that, in such cases, PaintCare will be working to establish collection opportunities which could include retail during Program Year 1. Staff suggests PaintCare add language describing its intent in the revised Plan. Staff also recommends further discussion of the GIS analysis in the report, highlighting its premises and explaining how it will be integrated with other information and work that PaintCare has done with regards to infrastructure assessment (e.g., letters of interest). In addition, CalRecycle staff understands that PaintCare's service level goal of 750 collection locations is for permanent collection locations, and that one-day or temporary events would be in addition to this. These points should be clarified in the Plan.

- While activities related to the goals per PRC 48703(d) (see below) are described in various locations within the Plan, staff suggests articulating goals for those efforts in the same section as the service level goals (Section 6).
 - reduce the generation of postconsumer paint
 - promote the reuse of postconsumer paint
 - proper end-of-life management of postconsumer paint

Section 8: Budget and Assessment Rate

Comment #5: Budget categories. Additional budget category breakouts and descriptions are required for purposes of approving the assessment.

Recommendation: Staff has attached a sample budget that may be used as a model to illustrate the level of detail in the budget that is desired. However, PaintCare is the most qualified to identify the categories and subcategories for their budget. Whatever categories or format PaintCare ultimately uses should enable auditors and CalRecycle staff to compare the budget with the actual expenditures, must be GAAP compliant, and must provide a framework so that all of its income and expenditures trace back to verifiable authentic financial documents. Additionally, since PaintCare runs similar programs in states other than California, we note that assessments collected in California must be used in California and all costs (direct and indirect) have been incurred for California's program, not programs in other states. PaintCare should re-submit this budget information for further evaluation (please note that if there is any information considered confidential or proprietary, staff would like those items to be flagged).

Comment #6: Describe what factors PaintCare will use to determine when the level of funds in the budget becomes enough for the program to re-evaluate its assessment rate.

Comment #7: The California Program allocation of PaintCare administrative costs is \$1.5 million per year, but the Plan does not describe how this figure is derived. Provide further clarification on the administrative costs of the program to ensure that the assessment will be funding California costs specifically.

Comment #8: From Program Year 1 to Program Year 2, PaintCare anticipates collecting 20% more paint, yet the Transportation and Processing costs are approximately 50% more. Further detail in the budget would help to explain this disparity.

Comment #9: Page 27. Section 8.e. under "Operational Costs," the third bullet states that CalRecycle's oversight costs (Administrative Fee) are estimated at \$600,000 in Year 1 – this is actually *through* Year 1, not *in* Year 1 and CalRecycle suggests this to be revised.

Comment #10: Page 28 of the Plan uses the term "non-substantial" when quoting statute; this should be revised since AB 1343 does not contain this term, and if it is used in the Plan it should be defined.

Question #1: Is PaintCare including the reserve as part of its budget?

Question #2: What is the difference between Administrative and Operational Costs?

Question #3: The surplus is \$3,783,830 in year 1 and \$5,353,161 in year 2. Is year 2 cumulative (i.e., does the year 2 budget include the surplus from year 1)? When would the surplus be put back into the budget and/or used to lower the assessment? See Comment #6.

Comment #11: It is advisable not to use "and" in a budget line (e.g. "Transportation and processing").

4/30/12

Comment #12: Large Quantity Generators (LQGs). Currently, the Plan describes how LQGs of latex paint can coordinate directly with PaintCare to arrange for pick-ups, but states that existing applicable state and federal hazardous waste regulations prohibit PaintCare from allowing LQGs of oil-based paint from utilizing the program. Describe how LQGs that pay the assessment will be able to utilize the program.

Section 9: Education and Outreach

Question #4: Does PaintCare intend to work/partner with local governments in some capacity relative to education and outreach? If so, it may be helpful to describe these potential efforts in the Plan.

Section 10: Waste Management

Comment #13: Page 36. Section 10.f. Latex Paint Management: Consider changing to “Beneficial Reuse” to “Beneficial Use” to be more consistent with the types of activities described.

Comment #14: The Plan should note that the “Beneficial Reuse” activities described would only occur in areas where they are allowed. For example, per Title 27 California Code of Regulations (27 CCR), Chapter 3, Subchapter 4, Article 2, Section 20690(b), latex paint is not currently on the CalRecycle approved list of materials allowed for Alternative Daily Cover (ADC). Also see the CalRecycle web page on ADC at <http://www.calrecycle.ca.gov/lgcentral/basics/adcbasic.htm>.

Appendix G. Registered Brands

Comment #15: Consider adding a statement at the top of the list of registered brands such as, “The following brands include all colors and all sheens.” in order to avoid any confusion as some of the brands indicate certain colors or sheens are included and others do not mention this.

Fiscal Summary
(Dollars in thousands)

BCP No.	Proposal Title			Program		
Personal Services						
	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages ¹						
Salary Savings						
Net Total Salaries and Wages	0.0	0.0	0.0	\$0	\$0	\$0
Total Staff Benefits ²						
Salary Savings						
Net Total Staff Benefits				\$0	\$0	\$0
Total Personal Services	0.0	0.0	0.0	\$0	\$0	\$0
Operating Expenses and Equipment						
General Expense						
Printing						
Communications						
Postage						
Travel-In State						
Travel-Out of State						
Training						
Facilities Operations						
Utilities						
Consulting & Professional Services: Interdepartmental ³						
Consulting & Professional Services: External ³						
Data Center Services						
Information Technology						
Equipment ³						
Other/Special Items of Expense: ⁴						
Total Operating Expenses and Equipment				\$0	\$0	\$0
Total State Operations Expenditures				\$0	\$0	\$0
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds ⁵						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Total Local Assistance Expenditures				\$0	\$0	\$0
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds ⁵						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Grand Total, State Operations and Local Assistance				\$0	\$0	\$0

¹ Itemize positions by classification on the Personal Services Detail worksheet.

² Provide benefit detail on the Personal Services Detail worksheet.

³ Provide list on the Supplemental Information worksheet.

⁴ Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.

⁵ Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.

Supplemental Information

(Dollars in thousands)

BCP No.	Proposal Title
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Equipment	CY	BY	BY +1
Standard Complement			
Total	\$0	\$0	\$0

Consulting & Professional Services	CY	BY	BY +1
Total	\$0	\$0	\$0

Facility/Capital Costs	CY	BY	BY +1
Total	\$0	\$0	\$0

One-Time/Limited-Term Costs Yes No

Description	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
	0.0	\$0	0.0	\$0	0.0	\$0

Full-Year Cost Adjustment Yes No

Provide the incremental change in dollars and positions by fiscal year.

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Total	0.0	\$0	0.0	\$0	0.0	\$0

Future Savings Yes No

Specify fiscal year and estimated savings, including any decrease in positions.

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Total	0.0	\$0	0.0	\$0	0.0	\$0

