



April 21, 2016

Tommy Wells, Director
Department of Energy and Environment
Government of the District of Columbia
1200 First St NE
Washington, DC 20002

RE: Revisions to PaintCare's District of Columbia Paint Stewardship Program Plan

Dear Director Wells:

Per the requirements of the District of Columbia Architectural Paint Stewardship Act of 2014, PaintCare Inc., on behalf of participating manufacturers, submitted a comprehensive program plan describing how we will facilitate a paint management program that includes paint collection sites and services, paint recycling and proper disposal, consumer education, and a sustainable financing mechanism. In the plan, PaintCare described the challenges around projecting paint collection volumes, which impacts program costs, and projecting new paint sales, which impacts revenue. We also discussed the available studies, data, and assumption used to develop these metrics for the District's program, and the resulting proposed fee structure and program budget. We do not have any new information to suggest adjustments to our collection volume projections; however, we are in the process of receiving additional information regarding paint sales that may either help to confirm the conclusions made in the program plan, or require the need for an adjustment to the sales projections, and thus fee structure and revenue as well.

As a reminder, the program plan states the following about paint sales:

Due to complex distribution chains that may involve layers of distributors between the manufacturer and final point of sale, most manufacturers do not know the volume of their paint sold into each individual state. To address this, PaintCare commissioned a study in 2012, with updates conducted in 2014 by a research firm that specializes in coatings industry analysis and economic forecasting. The firm utilized key indicators including existing home sales, housing starts, state-level employment rates and commercial vacancy rates to build a national and state-level model for predicting annual sales of architectural paint. The results of the study worked well for projecting paint sales in three early PaintCare states (California, Connecticut, and Rhode Island), but sales were significantly lower than projected in three later PaintCare states (Maine, Minnesota, and Vermont), leading to deficits in the latter three states.

As a result of this discrepancy, PaintCare is using a different method for projecting paint sales in the District of Columbia. The method takes the average, per capita, calendar year 2015 paint sales for the six PaintCare states (California, Connecticut, Minnesota, Oregon, Rhode Island, and Vermont) that were operational the entire 12 months in 2015. This average is then multiplied by the population of the District to derive the number of gallons of

paint projected to be sold on a per capita basis in the District. The result is 1.67 gallons per capita per year.

Next, to determine the mix of container sizes – pints/quarts, 1-gallon, and 5-gallon – an average percent of each size category was determined using the 2015 breakout from the six states noted above. The result is 5% of paint is sold in pints/quarts, 50% in 1-gallons, and 45% in 5-gallons.

Following implementation, the program will know the actual sales volume and container size mix in the District from manufacturer reporting and fee payments. If actual sales differ from the estimates used to develop the projected budget, then the estimated revenue, postconsumer paint collection volumes, and related costs may need to be revised. If this results in the need to change the fee structure, approval would be required from DOEE.

As noted above, manufactures often use distributors to bring their paint to retail, and as result, may not know what states their paint is sold into. In addition, prior to participation in a PaintCare program, paint sales are not necessarily tracked by the same categories used under the PaintCare program. However, we've recently learned that several manufacturers are able to provide historical sale volumes and are in the process of gathering this data for us for past sales in the District. We anticipate receipt of the additional data in the next week. If this information alters our assumptions about paint sales in the District, we will notify DOEE and submit a letter with our findings, and any proposed changes to the fee structure, revenue, and budget described in the program plan.

If you have any questions or need additional information, please do hesitate to me at (202) 360-8187 or Ida Arabshahi, PaintCare DC Program Manager, at 202-719-3696.

Thank you,



Marjaneh Zarrehparvar
Executive Director

Cc: Ida Arabshahi, PaintCare
Marie Clark, ACA
Karim Marshall, DOEE
Marc Nielsen, DOEE
Stefan Roha, DOEE