From: Jason Oringer <jason.oringer@seiu.org>
Sent: Wednesday, July 30, 2025 10:04 AM

To: commissionstreamlining

Cc: Alonso, Rachel (ADM); Albert, Hallie (ADM)

Subject: Fwd: Sweatfree Advisory Group activity and legislative update

Attachments: LIUNA 261 Letter to Mandelman re. Sweatfree.pdf; Letter to Mandelman re SPAG.pdf;

Mandelman Letter June 26.pdf; SPAG Letter to Supervisors2015KE.pdf

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Dear Commissioners,

I am writing as a nearly 20-year active member of the Sweatfree Purchasing Advisory Group (SPAG). I understand that your Task Force has designated the SPAG as a "Borderline Inactive Body". I can assure you this is far from the case. Although both the Mayor and the Board of Supervisors have not made all of the possible appointments to this body, our existing members have been meeting consistently. After the pandemic and the return to in person meetings in the context of higher work from home practices which adjusted our meeting schedule to meet quarterly and we regularly achieve quorum and conduct business, we have put out annual reports on activity around the developments around enforcement of the Sweatfree Purchasing Ordinance.

As you may know, in a parallel (and perhaps redundant) process, Supervisor Mandelman recently brought forward Ordinance 250192, which would also have eliminated the SPAG as part of a sprawling hodge podge of procurement reforms. Several members of the public rose to defend the work of the SPAG and the full Board ultimately voted to return the legislation to committee for revisions that would keep the SPAG in place while proceeding with many of the other reforms. You can see the legislation and view the video of the discussion and vote at the link above. I have attached a number of letter of support which were directed to the Board. Please feel free to reach out to me with any questions or concerns on the material or discussion.

Members of the SPAG are certainly happy to meet with your Task Force and discuss this further and you are certainly welcome to attend one of our meetings at City Hall. The next one is scheduled for Sept 11, 2025 in Room 421 at 2-4PM.

With Kind Regards,

--

Jason Oringer Senior Research Coordinator, Stand for Security SEIU Property Services Division 510-517-9281 cell

Pronouns: he/him

GENERAL SERVICES AGENCY OFFICE OF LABOR STANDARDS ENFORCEMENT PATRICK MULLIGAN, DIRECTOR



March 25, 2022

Re: The Sweat-free Advisory Procurement Group's Recommendations for Amending Administrative Code Chapter 12U

To All Members of the Board of Supervisors:

San Francisco's Sweatfree Contracting Ordinance, adopted by the Board of Supervisors in 2005, prohibits contractors who supply textiles to the City from engaging in human rights abuses. The Ordinance also established the Sweatfree Procurement Advisory Group (SPAG), which advises the City on the implementation of the law.

Included is a letter the SPAG submitted to OLSE outlining the recommended amendments, along with a Frequently Asked Questions sheet. The members of the SPAG may be contacting you to discuss the proposed changes and answer any questions or concerns you may have.

Respectfully,

Patrick Mulligan

Director

Office of Labor Standards Enforcement

City Hall, Suite 430

Dear Office of Labor Standards Enforcement:

As members of the City of San Francisco's Sweatfree Procurement Advisory Group (SPAG) we write to recommend an amendment to San Francisco's Sweatfree Contracting Ordinance (Admin. Code Chapter 12U) and request your support for this amendment.

Since its adoption in 2005, San Francisco's Sweatfree Ordinance has attempted to ensure that garment and textile workers, anywhere in the world, who are producing the city's uniforms (including San Francisco's iconic MUNI uniforms), sheets for our public hospital, or are involved in otherwise helping fulfill garment or textile contracts for the city earn a living wage and do not have to endure sweatshop conditions. SPAG works with staff from the Office of Contract Administration (OCA) and the Office of Labor Standards Enforcement (OLSE) to ensure that the ordinance is implemented most effectively and to undertake audits of contractors pursuant to the authority granted under the Ordinance.

Though other cities around the country have sweatfree ordinances, San Francisco is one of a few cities that puts teeth behind ours with a factory inspection regime and a remediation process that allows the city to have real input on the working conditions of individuals producing goods for San Francisco. Currently, the city contracts with Workers Rights Consortium (WRC) to inspect a selected subgroup of factories where goods are produced for the city.

The reality is, nearly every inspection finds violations of some kind. Currently, the city's record in remediating these violations is mixed. In some cases, the city is able to leverage the contractor's relationship with a factory, or WRC's relationship with universities for whom they also contract, to ensure that violations are corrected voluntarily. In 2021, the WRC and the city were able to compel factories to end a number of illegal and abusive practices, including daily forced off-the-clock work, unlawful wage deductions, verbal abuse, sexual harassment, denial of statutory leave, and threats of termination for peaceful protest. The WRC also was able to recover US \$280,000 worth of wages (with local purchasing power of about US \$3.5 million) on behalf of workers.

However, in many cases, factories that have been engaging in unlawful practices prior to the inspection refuse to correct other deficiencies identified in the audits or make workers whole, and this dynamic leaves the onus on the City alone to identify possible violations and respond to possible violations identified by working with the contractor on mitigation, terminating the contract, and/or recovering liquidated damages. Moreover, there are also instances where there is little the city can do for workers after it uncovers violations especially where the contractor no longer has a relationship with the city or its vendor.

Recently, Corporate Accountability Lab (CAL) met with SPAG to discuss additional efforts that the city can engage in to guarantee its mission of ensuring that workers earn a living wage. Currently, workers in contractors' supply chains have no way to enforce the protections the ordinance promises and are unable to bring claims based on a contractor's agreement with the city. In particular, workers themselves have no real ability to enforce the Ordinance's living wage provisions.

In the past few months, SPAG and CAL have explored implementing third-party beneficiary language in the city's contracts that would allow the employees of contractors violating the Ordinance to pursue remedies under the city's contract. Adding the proposed language to the City's Sweat Free procurement contracts makes the Sweat Free Ordinance's terms enforceable by workers, those whom the Ordinance is meant to protect, and those who are directly impacted by contractors' breaches of the Sweat Free terms part of their agreements with the City. Importantly, the proposed language only exposes

contractors, not the City of San Francisco, to liability for breaches. Additionally, it exposes contractors to no additional liability if they are complying with the sweat free terms to which they have agreed. Making these contracts expressly enforceable by workers in contractors' supply chains is an opportunity for the City to increase contractor accountability on sweat free sourcing commitments and provide workers with access to remedy.

Getting supply chains to look out for the best interests of workers is a thorny problem at the best of times. We appreciate the city's consistent support and budgeting of funds for inspections as SPAG, OCA, and OLSE have worked to incrementally improve enforcement of the Sweatfree Ordinance.

SPAG requests that the Board of Supervisors take action to amend the Ordinance to include third-party beneficiary contract language recommended by CAL, as well as to add a number of provisions that are consistent with the goal of the Ordinance. This course of conduct would make San Francisco's ordinance work as intended and would also provide a shining example for other jurisdictions to follow. Enclosed is a Frequently Asked Question sheet we have prepared with additional information on the changes that SPAG requests the Board seek to implement.

Thank you for your attention to this important matter.

The Sweatfree Procurement Advisory Group

Frequently Asked Questions

1. The City of San Francisco already incorporates terms implementing the Sweatfree ordinance into our agreements with contractors. What kind of negative impacts could still be occurring in the apparel supply chain?

Unfortunately, without a mechanism for workers in the supply chain to enforce the supplier's promises, ordinance compliance depends on contractors, who may have an economic incentive to cut corners, and the City's monitoring capacity. This means that abuses including forced and child labor, discrimination, and anti-union violence may still be occurring in the City's apparel supply chains. While the proposed contract language does not guarantee compliance, it gives workers the ability to enforce the ordinance against contractors, further incentivizing contractors to comply to avoid being sued by a harmed worker.

2. What are the proposed changes to the City's contracts?

The four interrelated clauses make the labor protections in the Sweatfree Ordinance enforceable by workers. Workers gain access to legal remedy for harms, and suppliers are incentivized to abide by the Code's promises. The clauses are:

- Third Party Beneficiary Clause: this clause makes explicit that workers are intended to benefit from the labor protections in the code, and that they have legal rights under the contract to bring a claim against a violating Contractor;
- Anti-retaliation: this clause prohibits acts of retaliation against workers for exercising their rights under the contract;
- Grievances: this clause requires Contractors to create a legitimate grievance mechanism, allowing many disputes to be handled outside of court; and
- Notice: this clause ensures that workers are aware of their rights under the contract, through trainings and posted notices in workers' native languages.

Insofar as Contractors comply with the terms of the agreement with the City, they will not be exposed to any additional liability.

3. Does this new language expose the City to more liability as a Buyer?

No. Under these provisions, workers, as intended third party beneficiaries, have enforcement power against the Contractor, not the City.

4. Who can enforce these terms?

Both the City of San Francisco and intended third-party beneficiaries can enforce the terms implementing the Sweatfree Ordinance against the Contractor.

5. What law applies in the event of a breach?

If a supplier is sued by a third-party beneficiary for breach, the forum selection clause and choice of law provisions in the contract as a whole apply. Accordingly, if a harmed worker chose to bring a case against a violating Contractor, that case would be filed in California, under California law.

6. Aren't Contractors already under too much pressure? Do they have the resources to be subject to additional liability if they don't fully comply with the ordinance?

Researchers have used the terms "price squeeze" or "sourcing squeeze" to identify a key driver of low wages and poor working conditions in the global garment sector. This refers to the expectation that a contractor or supplier, despite a low purchase price, will produce a large quantity of garments, comply with strict quality standards, do so on a short timeline, while also complying with social and environmental norms. Buyers often fail to pay a price that makes compliance with all other contract terms possible, the supplier is "squeezed," resulting in noncompliance with labor and other contract terms.

The City should account for the cost of compliance with Code terms when negotiating a contract price. If a contractor negotiates a purchase price that is not consistent with sustainable production, that product will not be produced sustainably (or alternately, the contractor will go out of business). Similarly, this language incentivizes Contractors to pay their suppliers a price that is sufficient for compliance with the City's labor-related contract terms.

¹ See, e.g. Mark Anner, Penn State Center for Global Workers' Rights, "Binding Power: The Sourcing Squeeze, Workers' Rights, and Building Safety in Bangladesh Since Rana Plaza." March 2018. https://ler.la.psu.edu/gwr/documents/copy2 of CGWR2017ResearchReportBindingPower.pdf

May 29, 2025, via email: mandelmanstaff@sfgov.org

Supervisor Rafael Mandelman 1 Dr Carlton B. Goodlett Place City Hall, Room 244 San Francisco, CA 94102

Dear Supervisor Mandelman:

I understand the Board of Supervisors is considering legislation that impacts the Sweatfree Ordinance and would eliminate the Sweatfree Procurement Advisory Group (SPAG). I respectfully request that you oppose this change. Our Sweatfree Ordinance reflects the city's commitment to labor rights, ethical procurement, and ensures our taxpayer dollars do not support the exploitation of the workers who make uniforms worn by our public employees. San Francisco was an early adopter in 2005 when the Board of Supervisors unanimously adopted the Ordinance.

The Ordinance, administered by the Office of Labor Standards Enforcement (OLSE), requires city contractors to guarantee in writing that uniforms and other textiles they supply the city are not made by workers exploited in sweatshops around the world. Contractors are required to disclose their supply chains to ensure compliance. The SPAG plays a crucial role in assisting OLSE with monitoring compliance with the Ordinance. Per the Ordinance, the city has contracted with the Worker Rights Consortium (WRC) through a competitive bidding process to conduct factory inspections to ensure compliance.

The WRC, an independent nonprofit that also conducts such monitoring for the City of Los Angeles and for the University of California system, assesses labor conditions, identifying violations such as wage theft, health and safety hazards, discrimination based on various protected classifications, and anti-union practices, and recommends corrective actions. Recently, OLSE, in consultation with SPAG, made changes to how inspections are undertaken to combine monitoring and inspections with Los Angeles and other cities to reduce costs and create leverage where violations of labor and human rights are found.

The effectiveness of SPAG and the Ordinance is evident in its proactive approach to detecting and addressing labor and human rights abuses in the supply chain by engaging with contractors. This approach is unique, as it seeks to promote compliance through engagement. I am proud of the success of this Ordinance and what the city has been able to achieve. Here are a few recent highlights of improvements this work has secured at factories around the world making public employee uniforms for the city:

Dong Thanh, Vietnam:

 The WRC secured improvements in the factory's pay practices to meet the city's non-poverty wage standard, and required the factory to: start providing legal rest breaks, stop punishing workers for taking legal sick days, remove locks on fire exits, and cease having managers run the factory's labor union.

MBI, Haiti:

 The WRC won full back pay for worker union leaders whom the factory had illegally terminated en masse, but had to reinstate with 15 months back wages.

Northstar Manufacturing Co., Ltd. (Thailand):

 The WRC secured compensation and reinstatement for pregnant workers who had been illegally forced to resign in order to avoid paying them legal maternity benefits, and as well as protection for their health and safety at work.

• RJ Torres, Dominican Republic:

 The WRC identified and secured correction of serious safety hazard improvements including dangerous electrical wiring and locked emergency exits.

WRC is currently investigating factories in Haiti, Ethiopia, Thailand, and Vietnam that produce public employee uniforms for both San Francisco and Los Angeles. Given the cost-sharing that OLSE achieved between these entities, factory inspections have become much more efficient, and our leverage for remediation has grown, as evidenced by the results above. During the SPAG's most recent May meeting, the Office of Contract Administration (OCA) reported they recently obtained complete disclosures for all contracts subject to the Ordinance and that doing so was not burdensome, especially now that this is part of our established bidding process. The OCA also reported that they receive no pushback from contractors on the requirements imposed by the Ordinance.

The Ordinance, the SPAG, the OLSE, and the WRC help San Francisco live up to its values by enforcing labor standards, protecting workers, promoting ethical procurement, deterring future violations, and leveraging influence. The SPAG is a volunteer body made up of different subject matter experts who are committed to ensuring San Francisco is a sweatfree jurisdiction. Promoting and protecting advisory-like bodies such as the SPAG ensures transparency, ethical commitments, and participation from our community during a time where confidence in local, state, and federal government is at an unprecedented nadir. This transparent process also protects our city from legal, reputational, and ethical harm related to our supply chain while ensuring public funds are not spent supporting exploitative and abusive labor practices.

It is my firm belief that abolishing the SPAG and weakening the Ordinance would tarnish San Francisco's reputation as a socially responsible leader and undermine our city's commitment to human rights. Instead, the Board of Supervisors should double down on its commitment to our city's values by promoting the work of this body and collaborating

with other localities to adopt similar measures, thereby increasing our collective leverage. It is worth noting that Portland, Berkeley, and Austin are developing similar work to San Francisco and Los Angeles, and that Los Angeles recently renewed their contract with the WRC.

I take great pride in what this Ordinance, the SPAG, the OLSE, and the WRC have accomplished. I hope you do, too. Please let me know if you have any questions or would like additional information. I can be reached at conchita.lozano@gmail.com or at 510.224.7193.

In solidarity,

Conchita Lozano-Batista Chairperson, SPAG

cc: Pat Mulligan, Office of Labor Standards Enforcement



RAMON HERNANDEZ Business Manager

DAVID DE LA TORRE Secretary-Treasurer

OSCAR DE LA TORRE President

DIEGO HERNANDEZ Vice-President

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Feel the Power

July 2, 2025

Supervisor Rafael Mandelman 1 Dr Carlton B. Goodlett Place City Hall, Room 244 San Francisco, CA 94102

Dear Supervisor Mandelman:

On behalf of Local 261 and our dedicated members, many of whom proudly wear uniforms manufactured under the ethical standards mandated by San Francisco's Sweatfree Contracting Ordinance, we write to express our unwavering support for this vital legislation. This ordinance is not merely a policy; it is a tangible commitment to human dignity and fair labor practices, directly impacting the lives of workers both within our city and across the globe. Our members understand firsthand the importance of knowing that the uniforms they wear and use daily are not born from exploitation, a peace of mind directly attributable to the foresight and integrity of this Board in enacting and upholding such a progressive measure when it was adopted in 2005.

San Francisco has long stood as a beacon of progress and social justice, consistently demonstrating a profound commitment to workers' rights, both in our vibrant local economy and through our influence on global supply chains. The Sweatfree Contracting Ordinance is a cornerstone of this commitment, ensuring that taxpayer dollars do not inadvertently support exploitative labor practices, child labor, or unsafe working conditions anywhere in the world. Repealing or revising this ordinance would send a chilling message, undermining the city's moral standing and betraying the very principles of ethical procurement that San Francisco has so courageously championed.

The Sweatfree Procurement Advisory Group (SPAG) plays an indispensable role in the effective implementation and oversight of this ordinance. Its expertise and dedication are crucial in navigating complex global supply chains, identifying compliant manufacturers, and holding contractors accountable. Disbanding this group would effectively cripple the ordinance, rendering it a hollow promise without the necessary infrastructure to enforce its provisions. Maintaining both the ordinance and SPAG is essential to ensuring transparency, accountability, and the continued integrity of San Francisco's procurement processes.

We urge you to reaffirm San Francisco's leadership in ethical governance by unequivocally rejecting any proposals to repeal or revise the Sweatfree Contracting Ordinance or to disband SPAG.

In solidarity,

Ramon Hernadez Business Manager June 26, 2025, via email: mandelmanstaff@sfgov.org

Supervisor Rafael Mandelman 1 Dr Carlton B. Goodlett Place City Hall, Room 244 San Francisco, CA 94102

Dear Supervisor Mandelman:

It was nice to run into you this weekend. I appreciate the time and attention you have given to the Sweatfree Procurement Advisory Group's (SPAG) request to amend your recently proposed legislation that would repeal key provisions of the San Francisco Sweatfree Contracting Ordinance and would eliminate the SPAG. This past weekend, you indicated that you would be open to leaving the Ordinance undisturbed, ensuring that the city continues to contract with an auditor, but that you were still looking to eliminate SPAG.

SPAG met this Wednesday, July 25, along with representatives from OLSE, to analyze and discuss your proposed changes. In addition to weakening and sunsetting the ordinance, your proposed legislation might unintentionally *increase* procurement costs for the city in at least two different ways. We also spotted some aspects of the proposed legislation (such as defining clothing brands as "Manufacturers") that indicated the staff who prepared the legislation might not be familiar with how garment supply chains work in practice.

I am writing on behalf of the SPAG to request that you reconsider your approach and leave the Ordinance and the SPAG undisturbed.

SPAG is an all-volunteer advisory body that meets quarterly and assists the Office of Labor Standards Enforcement (OLSE) and the Office of Contract Administration (OCA) with ensuring the Ordinance is implemented, audits are being conducted, and efficiencies are achieved where possible.

SPAG recently worked with OLSE to ensure a competitive bidding process for our sweatfree auditor and worked to ensure that the auditor was achieving savings for the City by conducting audits in factories that also produce goods for other cities with whom they audit. This recent change also ensured that the City had more leverage to ensure that any violations that were discovered were remediated and that workers were protected in their places of work.

The expertise of the members of SPAG has ensured continuity in changing administrations, as well, and SPAG worked with the Mayor's Office in the past to analyze the work of the Ordinance and to consider amendments to expand its work and to find efficiencies.

San Francisco's Sweatfree Ordinance is a model for other cities in how well it works in practice to protect workers' rights while also procuring garments and textiles at a fair price through a transparent process. Repealing or scaling back the Ordinance would cede San Francisco's leadership to Los Angeles and Madison, Wisconsin, and turn our back on values that San Franciscans hold dear.

SPAG has set a meeting for this coming Thursday, July 3, at 1 pm. We would like to meet with you and any members of your staff to discuss this further. As you are no doubt aware, none of the authors of this proposed legislation met with the SPAG or discussed any of these changes before they were proposed. As an advisory body made up of volunteers who have spent years working on this, we believe it is important that we be accorded the opportunity to opine on these proposals.

SPAG is proud of its work and respectfully requests the opportunity to discuss this matter with you. I can be reached at conchita.lozano@gmail.com or at 510.224.7193. We look forward to meeting with you on July 3.

Best regards,

Conchita Lozano-Batista Chairperson, SPAG

cc: Pat Mulligan, Office of Labor Standards Enforcement



June 17, 2025

Supervisor Rafael Mandelman 1 Dr. Carlton B. Goodlett Place City Hall, Room 244 San Francisco, California 94102

Dear Supervisor Mandelman,

I am writing on behalf of the Service Employees International Union Local 2015, representing California's Long-Term Caregivers, to express our strong opposition to proposed legislation to repeal key provisions of the San Francisco Sweatfree Contracting Ordinance. This Ordinance was adopted in 2005, with the full support of San Francisco Labor Council, as an expression of the City's commitment that uniforms worn by employees of our public agencies, many of whom are union members, are not made under abusive labor conditions.

As you know, in today's global economy, most apparel sold in our country, including public employee uniforms, is made overseas, in countries where labor rights and human rights are routinely violated, where garment workers often labor under sweatshop conditions, and where their rights to form unions are frequently, and sometimes violently, repressed. The Sweatfree Contracting Ordinance was adopted as our City's means of ensuring that its purchases of uniforms for public employees would not be associated with such unethical business practices.

The proposed amendment to the Sweatfree Contracting Ordinance would represent an unjustified and shameful retreat from this commitment, as it would:

- Remove the requirement that the City have overseas factories producing public employee uniforms monitored globally by an independent expert nonprofit body meaning that workers facing sweatshop abuses in those factories would have no effective way to safely report these violations and have them corrected.
- Eliminate the City's Sweatfree Purchasing Advisory Group, which provides for input and
 oversight on the Ordinance's implementation from community representatives, particularly
 representatives of organized labor and experts on international labor rights eliminating
 transparency and accountability to these key stakeholders.
- Remove the requirement that workers who make public employee uniforms for the City be paid a
 wage above the local poverty line for their country inviting the use of factories paying
 sweatshop wages to make these products for the City.

- Make the Ordinance not apply to factories that are subcontractors or produce less than \$200,000 of apparel for the City even though it is subcontracted garment factories, producing such smaller orders, where the worst labor rights and human rights violations are most likely to appear.
- Sunsets the Ordinance in 2035 even though there is reason to believe that the broader issue of abusive labor conditions in the global garment industry will be any less relevant by then than it is today.

This kind of wholesale retreat from protecting worker rights and protecting our City from being implicated in sweatshop abuses overseas is completely unacceptable. It would represent an embarrassing and unjustified step back from leadership on this issue, particularly when other leading public institutions in our state – including the City of Los Angeles and the University of California – maintain similar policies for their apparel purchasing and trademarking and are not retreating from these commitments.

It was more than a decade ago that sweatshop abuses at a factory in the Dominican Republic were reported in the production of uniforms for the San Francisco City jail (https://www.sfexaminer.com/our_sections/forum/anti-sweatshop-law-makes-statement-for-san-francisco/article_ff790f14-8676-5dfe-badd-110010756fda.html). Since that time, the Sweatfree Purchasing Ordinance has helped corrected violations and improve working conditions for tens of thousands of workers at garment factories making City employee uniforms in Vietnam, Myanmar and other countries around the world (https://www.sf.gov/information--sweatfree-contracting-ordinance).

The Sweatfree Purchasing Ordinance protects our City's reputation for leadership on human rights and worker rights. The public employees represented by our labor allies deserve to be able to trust and have confidence that the uniforms they wear with pride as they do their work for the City were not made with the abuse and exploitation of other workers in other countries. We strongly insist that this unwise and poorly conceived proposal for amendment of the Sweatfree Purchasing Ordinance be reconsidered.

Respectfully,

Kim Evon

Executive Vice President

Kimberly Evon

CC: San Francisco Board of Supervisors

[Prohibiting contractors and subcontractors who provide goods to the City and County from maintaining sweatshop conditions by violating labor and employment, health and safety, or environmental laws or standards, and requiring compliance with minimum wage and other

FILE NO. 051257

employment and labor standards.]

ORDINANCE NO. 223-05

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Ordinance amending the San Francisco Administrative Code by adding Chapter 12U, finding that the City would benefit by spending its funds in a manner that would support safe and humane working conditions; requiring contractors and subcontractors providing goods to the City and County to comply with laws and standards affecting labor and employment conditions for employees performing work under the contract and subcontracts, including:not engaging in abusive forms of child labor, foreign convict or forced labor, or slave labor; and compliance with all human and labor rights and labor standards imposed by law or treaty law on the country where the goods are being made or assembled; paying wages that are not less than a minimum wage established by the Director of the Office of Contract Administration; compliance with all applicable laws governing wages, employee benefits, health and safety, labor, environmental conditions, nondiscrimination, freedom of association; creating the Sweatfree Procurement Advisory Group to make recommendations on the implementation, administration or enforcement of this Chapter to the Director of the Office of Contract Administration and the Office of Labor Standards Enforcement; targeting the procurement of garments for enforcement of this Chapter during the first full fiscal year following the effective date of the Chapter, and, thereafter, targeting other goods for enforcement based on recommendations of the Sweatfree Procurement Advisory Group submitted by the Director of the Office of Contract Administration to the Board of Supervisors and approved by ordinance.

Note:

This Chapter is entirely new.

Board amendment additions are <u>double underlined</u>. Board amendment deletions are <u>strikethrough normal</u>.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Administrative Code is hereby amended by adding a new Chapter 12U, to read as follows:

Chapter 12U - SWEATFREE CONTRACTING

- Sec. 12U.1. FINDINGS. The Board of Supervisors finds and declares the following:
- (a) This Chapter shall be known as the Sweatfree Contracting Ordinance.
- (b) Each year the City and County of San Francisco spends hundreds of millions of dollars contracting with private sector contractors for the purchase or rental of goods. The prudent expenditure of public dollars requires that the City select responsible contractors.
- (c) The City and County, as a major purchaser of goods, must be cognizant of the labor conditions that may be supported by its actions as a major market participant. Better working conditions assure consistently better quality goods for the City and County, by assuring fewer disruptions in the workplace due to workers' grievances, fewer absences due to illnesses, less fatigue and fewer workplace injuries, less turnover of workers, and greater incentive to perform.
- (d) In its role as a market participant, the City and County seeks to assure that the integrity of the procurement process is not undermined by contractors or subcontractors who engage in sweatshop practices. Contractors who use Sweatshop Labor are able to underbid responsible contractors who pay fair wages and maintain humane work environments and conditions. Such practices place responsible contractors at a competitive disadvantage, which may dissuade responsible contractors from participating in the City and County's procurement process. This Chapter will encourage responsible contracting with the City and County and reduce any inadvertent support of contractors who use Sweatshop Labor.

(e) By adopting this ordinance, the City and County does not intend to preclude the City and County or its contractors or subcontractors from doing business with any foreign country.

Sec. 12U.2. Definitions. For the purposes of this Chapter, the following definitions shall apply to the terms use herein.

- (a) "Abusive Forms of Child Labor" shall mean the following: (1) work performed by a person under the age of 18 when the person does not voluntarily seek the work or the person is threatened by the person's employer with physical, mental or emotional harm for nonperformance; (2) work performed by a person under the age of 18 in violation of any applicable law of the country of manufacture or assembly governing the minimum age of employment, compulsory education, or occupational health and safety; or (3) the use of a person under the age of 18 for illegal activities, including but not limited to the production or trafficking of illicit drugs or for prostitution.
- (b) "Contract" shall mean an agreement for Goods for an amount greater than \$25,000 and having a term in excess of three months to be purchased or provided at the expense of the City and County or to be paid out of moneys deposited in the treasury or out of trust moneys under the control of or collected by the City and County. "Contract" shall also mean any amendment to a contract entered into after the effective date of this Chapter that causes the amount of the contract to exceed \$25,000 or causes the term to exceed three months.
- (c) "Contractor" shall mean any person or persons, association, cooperative, firm, partnership, corporation, company, venture, trustee, trustee in bankruptcy, receiver, or combination thereof, who enters into a Contract with the City and County.
 - (d) "Director" shall mean the Director of the Office of Contract Administration.
- (e) "Foreign Convict or Forced Labor" shall mean any form of labor used to produce or manufacture goods prohibited from importation into the United States under 19 U.S.C. § 1307, which includes Abusive Forms of Child Labor and Slave Labor.

- (f) "Good" shall mean any good, including without limitation, any material, supply, or equipment.
- (g) "Slave Labor" shall mean any form of slavery, sale and trafficking of persons, debt bondage, indentured servitude, serfdom, or forced or compulsory labor.
- (h) "Subcontract" shall mean any subcontract agreement or arrangement directly with a

 Contractor for any work under a Contract (first tier subcontract) and shall mean any subcontract
 agreement or arrangement between subcontractors, at any tier, except for any agreement or
 arrangement between subcontractors if the amount of the agreement or arrangement is less than the
 lesser of (1) 10 percent of the amount of the higher tier subcontractor's work; or (2) \$25,000.

 "Subcontract" also shall mean any subcontract agreement or arrangement that any Contractor or
 subcontractor creates by dividing work into smaller increments for award to any subcontracting entity
 created for the purpose of awarding a subcontract that is not subject to this Chapter on the basis that it
 fails to meet either of the monetary thresholds for a Subcontract set above in this subsection (h).
- (i) "Subcontractor" shall mean any person or persons, association, cooperative, firm, partnership, corporation, trustee, trustee in bankruptcy, receiver, or combination thereof, including without limitation any subcontractor, entering into a Subcontract.
- (j) "Sweatshop Labor" shall mean, work performed by any Worker under terms or conditions that seriously or repeatedly violate laws of the jurisdiction within which the work is performed governing: (i) wages: (ii) employee benefits; (iii) health and safety, including without limitation exposure to hazardous or toxic substances; (iv) labor, including without limitation collective bargaining rights; (v) environmental conditions; (vi) nondiscrimination, harassment, or retaliation, including without limitation all laws prohibiting workplace and employment discrimination; (vii) freedom of association; or (viii) building or fire codes. "Sweatshop Labor" also shall mean any work performed by any person contributing to the provision of Goods to the City and County under a

Contract or Subcontract that constitutes Foreign Convict or Forced Labor, or Abusive Forms of Child Labor or Slave Labor.

(k) "Worker" shall mean any employee of a Contractor or Subcontractor who contributes to the provision of Goods to the City and County under a Contract or Subcontract, including but not limited to any manufacturing or assembling of the Goods.

<u>Sec. 12U.3 PROHIBITION ON SWEATSHOP CONDITIONS.</u> Each Contractor and <u>Subcontractor shall comply with each of the following requirements:</u>

(a) Each Contractor and Subcontractor, regarding any Worker, shall comply with all human and labor rights and labor standards imposed by treaty or law on the country in which the Goods are made or assembled, and shall not engage in Sweatshop Labor.

(b) Each Contractor and Subcontractor shall pay at least the following minimum wages to Workers: (1) to Workers working in the United States a base hourly wage, to be set and adjusted annually by the Director, to produce for 2,080 hours worked, an annual income equal to or greater than the U.S. Department of Health and Human Services most recent poverty guidelines for a family of three plus an additional 20 percent of the wage level paid, including without limitation amounts paid as hourly wages or health benefits; and (2) for Workers working in countries other than the United States, a wage, to be set and adjusted annually by the Director, that shall be comparable to the wage for domestic manufacturers established above, adjusted to reflect the country's level of economic development by using the World Bank's most recent Gross National Income per capita Purchasing Power Parity Index.

(c) This Chapter specifies a minimum level of compensation to be paid Workers and shall not be construed to preempt or otherwise limit any other applicable law, regulation or requirement that requires a higher level of compensation.

(d) Each Contractor and Subcontractor shall keep or cause to be kept for a period of not less
than three years from the date of the expiration or termination of the term of the Contract, basic payroll
and time records for each Worker, and copies of any tax records filed with a governmental entity
during the term. Such records shall include the following for each Worker: (a) name and job
classification; (b) a general description of the work the Worker performed each day and the rate of pay
(including rates of contributions for, or costs assumed to provide fringe benefits); and (c) the daily and
weekly number of hours worked, deductions made; and (d) and actual wages paid.

(e) Each Contractor and Subcontractor shall maintain weekly certified payroll records for submission to the Office of Contract Administration, the Office of Labor Standards Enforcement, or the Director's designee or other authorized officers or agents of the City and County upon demand. The Contractor shall be responsible for submitting the payroll records of its Subcontractors, although Subcontractors shall submit such records directly to the City and County upon request. All certified payroll records shall be accompanied by a statement signed by the Contractor, or Subcontractor if requested by the City and County to submit the records, stating that the records are complete and correct.

(f) All records required to be maintained by this Chapter shall at all times be open to inspection and examination of the duly authorized officers and agents of the City and County of San Francisco.

- (g) All Contractors and Subcontractors shall comply with the overtime laws and regulations applicable to their Workers. All overtime hours shall be worked voluntarily.
- (h) No Contractor or Subcontractor shall subject any Worker to any physical, sexual, or other illegal harassment or abuse, including corporal punishment, illegal discrimination or retaliation for exercising his or her right to free speech and assembly or other rights protected under applicable labor or employment laws.

(j) Before commencing any work under the Contract, the Contractor shall provide the City and County a list of the names and addresses of each Subcontractor to be utilized in the performance of the Contract, the amount to be paid each, the Contractor's and each Subcontractor's applicable state tax identification number and the address of each manufacturing or other facility or operation of the Contractor and its Subcontractors for the performance of the Contract. The Office of Contract Administration shall post this information on its internet website before a Contractor or any of its Subcontractors may commence work under the Contract. Contractor shall update the list to show any changes in the Subcontractors, or the facilities or operation during the term of the Contract. Before commencing any work under the Contract, the Contractor also shall provide the City and County a written statement showing the amount to be paid each Subcontractor or amounts to be paid Subcontractors added after submittal of the most recent statement to the City and County.

(k) During each year of the term of a Contract, the Director, the Office of Labor Standards

Enforcement, or the Director's designee may request a written assurance from the Contractor and each of its Subcontractors that the Contractor or Subcontractor is in compliance with this Chapter. The request may seek confirmation of compliance with some or all of the requirements of this Chapter, and may require the response to be submitted under penalty of perjury. The Contractor or Subcontractor shall provided the written assurance within the time period specified by the Director, the Office of Labor Standards Enforcement, or the Director's designee, which shall not be less than 14 days from receipt of the request.

(1) Each Contractor and Subcontractor shall be responsible for ensuring the Subcontractor's compliance with this Chapter.

(m) Contractors and Subcontractors shall demonstrate commitment to best practices and continuous improvement in management practices to eliminate Sweatshop Labor, including the right to freedom of association and collective bargaining. No Contractor or Subcontractor shall subject a Worker to harassment, intimidation or retaliation as a result of his or her efforts to freely associate or bargain collectively. This subsection shall not apply to Contractors or Subcontractors subject to the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.

Sec. 12U.4 CONTRACTUAL REQUIREMENT. Each Contract shall include an agreement by the Contractor to comply with the requirements of this Chapter, and shall incorporate this Chapter by reference. Contracts shall provide the following: (1) that in the event the Director determines that any Contractor or Subcontractor has failed to comply with any provision of this Chapter or any regulations implementing this Chapter, the Contractor shall be liable for liquidated damages equal to the greater of \$1,000 or 20% of the amount of the Goods provided in violation of this Chapter, as determined by the Director; and (2) the City and County may deduct any liquidated damages owed by a Contractor from any monies owed the Contractor under the Contract or any other agreement that the Contractor has with the City and County.

Sec. 12U.5. PHASE-IN PERIOD. During the first full fiscal year of the City and County after the effective date of this Chapter, the City and County shall target for enforcement only Contracts for apparel, garments and corresponding accessories, materials, supplies or equipment. Agreements for other Goods shall be targeted for enforcement in accordance with the procedure set forth in Section 12U.6.

Sec. 12U.6. ADVISORY GROUP.

(a) The City and County shall establish a Sweatfree Procurement Advisory Group. The
Sweatfree Procurement Advisory Group shall evaluate the industries engaged in the manufacture and
sale of goods to determine whether contracts for any goods, in addition to apparel and garments,
should be targeted for enforcement, and to evaluate the implementation, administration, and
enforcement of this Chapter. To determine whether a particular good shall be targeted for
enforcement, the factors that the Sweatfree Procurement Advisory Group shall consider shall include,
but not be limited to: (a) the amount the City and County has spent, and anticipates spending for such
good; (b) evidence of Sweatshop Labor or other conditions prohibited by this Chapter in the
manufacturing, assemblage or distribution of such good; and (c) any financial impact that targeting the
good for enforcement will have on the City and County. At the end of the first full fiscal year of the City
and County following the effective date of this Chapter, and annually thereafter, the Sweatfree
Procurement Advisory Group shall submit a written report to the Director and the Office of Labor
Standards Enforcement that contains any recommendations on the administration, implementation, and
enforcement of this Chapter, or the application of this Chapter to other goods. The report shall include
the supporting information upon which each recommendation is based and a report on the financial
impact that adoption of the recommendation will have on the City and County. The Director may
submit any recommendation to extend the applicability of this Chapter to other goods to the Board of
Supervisors. Upon the adoption of an ordinance approving such recommendation, Contracts for the
purchase of such goods shall be subject to this Chapter. The Director in the Director's discretion may
adopt other recommendations of the Sweatfree Procurement Advisory Group subject to the Municipal
Code and the Charter.

(b) The Sweatfree Procurement Advisory Group shall determine how the City and County may maximize its purchase of goods produced in San Francisco. Within four months of its formation, the Sweatfree Procurement Advisory Group shall examine how the City and County may provide

preferences and/or incentives to garment industry manufacturers in San Francisco that are in compliance with this Chapter, and explore the expansion of preferences and/or incentives to other industries. Within the four-month period, the Sweatshop Procurement Advisory Group shall propose legislation to immediately implement the preferences and/or incentives.

(c) The Sweatfree Procurement Advisory Group shall consist of eleven members. The Mayor and the Board of Supervisors shall each appoint five members. The Controller shall appoint one member. Each member shall be appointed to a term of two years. At least one of the Board of Supervisors' appointees and one of the Mayor's appointees must have significant experience representing employees in labor matters. At least one of the Board of Supervisors' appointees and one of the Mayor's appointees must have significant experience acquiring goods or services for a public entity. At least one of the Board of Supervisors' appointees and one of the Mayor's appointees must have significant experience as an advocate for human rights or the poor. The Controller's appointee shall have significant experience in finance, financial auditing, or accounting. All members of the Sweatfree Procurement Advisory Group shall be appointed within sixty days of the effective date of this Chapter. Each member shall serve at the pleasure of the appointing authority. The Sweatfree Procurement Advisory Group shall meet not less than once each fiscal year.

Sec. 12U.7 ADMINISTRATION AND ENFORCEMENT.

(a) The Director shall implement and administer, and the Director and the Office of Labor

Standards Enforcement shall enforce the requirements of this Chapter. The Director may issue

regulations for the implementation and administration of this Chapter. The Director may, in

consultation with the Office of Labor Standards Enforcement, issue regulations for the enforcement of
this Chapter. The Director may delegate, in writing, responsibilities to other departments, offices,
employees, officers, or agents of the City and County. Each City department, when requested by the

Director, shall cooperate with the Director in the implementation or administration of this Chapter, and when requested by the Director or Office of Labor Standards Enforcement, shall cooperate with the enforcement of this Chapter by providing relevant information that is in the department's possession and control, and providing any other assistance that it is feasible for the department to provide. The City and County may, subject to the Charter, including without limitation its budgetary and fiscal provisions, and the Municipal Codes, enter into contracts with any entity and cooperative agreements or arrangements with any public entity for assistance in implementing, administering or enforcing this Chapter, and shall explore efficient and cost-effective mechanisms for ensuring the compliance of Contractors.

(b) Until such time as the City and County determines that it is able to adequately monitor compliance with this Chapter using City personnel, the City and County shall, subject to the Charter, including without limitation its budgetary and fiscal provisions, and the Municipal Codes, enter into an agreement with an independent non-profit organization with expertise in monitoring and reporting on Sweatshop Labor for assistance monitoring the compliance of Contractors. This subsection does not in anyway limit the City's ability to contract for assistance under subsection 12.U.7(a).

(c) Each Contractor and Subcontractor shall cooperate fully with any investigation of the Director, the Office of Labor Standards Enforcement, the Director's designee or contractors, including without limitation any independent non-profit monitor, and other City employees and agents authorized to assist in the implementation, administration or enforcement of this Chapter. Such persons or entities shall, in the performance of their duties, have the right to engage in random inspections of any worksite where the Contract or any Subcontract is performed and have access to any Worker or any record required to be maintain in Section 12U.3.

- (d) Any failure of a Contractor or Subcontractor to perform in accordance with this Chapter shall be a material breach of the Contract. In such an event, the City and County may take any or all of the following actions:
 - (1) Assess liquidated damages as provided for in the Contract.
 - (2) Terminate the Contract
- (3) Commence debarment proceedings pursuant to Chapter 28 of this Code against the

 Contractor, where the Contractor has failed to comply with this Chapter, or against the Subcontractor,
 or Contractor and Subcontractor, where the Subcontractor has failed to comply with this Chapter.
- (4) Withhold payments under the Contract until the Contractor or its Subcontractor is in full compliance with this Chapter.
- (5) Require the Contractor or Subcontractor, at its expense, to provide training and best practices guidelines to managers and employees at the facility or operation where the violation occurred to ensure future compliance. Upon request by the Director or the Director's designee, the Contractor or Subcontractor shall submit such materials for the City and County's review and approval prior to distribution to managers and employees.
- (6) Any Contractor or Subcontractor shall provide the Director or the Director's designees or contractor, and other City employees and agents authorized to assist in the administration and enforcement of this Chapter immediate access to the facility or operation where the violation has occurred for an inspection of the facility or operation and records, and interviews of Workers.
- (7) During the term of the Contract, but not more than once every 30 days, the Director, the Office of Labor Standards Enforcement, or the Director's designee may require the Contractor or Subcontractor to provide a written summary of the steps taken to remedy the noncompliance and any difficulties encountered in curing the noncompliance. The request may require the response to be submitted under penalty of perjury. The Contractor or Subcontractor shall provided the written

summary within the time period specified by the Director, the Office of Labor Standards Enforcement, or the Director's designee, which shall not be less than 14 days from receipt of the request.

(8) Pursue any other remedies available to the City and County at law or in equity.

Sec. 12U.8. EFFECTIVE DATE. This Chapter shall be effective ninety days after it is adopted.

This legislation is intended to have prospective effect only.

Sec. 12U.9. EXCEPTIONS. This Chapter shall not apply in the following circumstances:

- (a) When a Contract involves the expenditure of funds received by the City and County and the application of this Chapter would violate or be inconsistent with the terms or conditions of the applicable grant agreement, subvention or agreement or the instructions of an authorized representative of any such agency with respect to any such grant agreement, subvention or agreement.
- (b) When the Director or the Director's designee determines that there is only one responsible contractor available to provide the Goods and that contractor is unable to comply with this Chapter, or the City and County department, commission, office or other City and County entity seeking to enter into the contract certifies in writing to the Director, and the Director finds that there are no qualified responsive bidders or proposers or prospective contractors that would comply with the requirements of this Chapter and the Contract is for Goods that are essential to the City or the public.
 - (c) When the Contract is with a public entity.
- (d) When the acquisition of Goods is only incidental to the other purchases under the Contract.

 The acquisition of Goods shall be incidental if the amount paid by the City for the Goods is 10 percent or less than the total amount of the Contract.
- (e) If the department recommending the Contract certifies in writing to the Director that pursuant to Administrative Code Section 6.60 or 21.15 that the Contract is necessary to respond to an

By:

emergency which endangers the pubic health or safety and no entity which complies with the requirements of this Chapter capable of responding to the emergency is immediately available.

Sec. 12U.10. PREEMPTION. Nothing in this Chapter shall be interpreted or applied so as to create any power or duty in conflict with any federal or state law.

Sec. 12U.11. SEVERABILITY. If any part or provision of this Chapter, or the application of this Chapter to any person or circumstance, is held invalid, the remainder of this Chapter, including the application of such part or provisions to other persons or circumstances, shall not be affected by such holding and shall continue in full force and effect. To this end, the provisions of this Chapter are severable.

APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney

ROBERT A. BRYAN Deputy City Attorney



City and County of San Francisco Tails

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

Ordinance

File Number:

051257

Date Passed:

Ordinance amending the San Francisco Administrative Code by adding Chapter 12U, finding that the City would benefit by spending its funds in a manner that would support safe and humane working conditions; requiring contractors and subcontractors providing goods to the City and County to comply with laws and standards affecting labor and employment conditions for employees performing work under the contract and subcontracts, including: not engaging in abusive forms of child labor, foreign convict or forced labor, or slave labor; and compliance with all human and labor rights and labor standards imposed by law or treaty law on the country where the goods are being made or assembled; paying wages that are not less than a minimum wage established by the Director of the Office of Contract Administration; compliance with all applicable laws governing wages, employee benefits, health and safety, labor, environmental conditions, nondiscrimination, freedom of association; creating the Sweatfree Procurement Advisory Group to make recommendations on the implementation, administration or enforcement of this Chapter to the Director of the Office of Contract Administration and the Office of Labor Standards Enforcement; targeting the procurement of garments for enforcement of this Chapter during the first full fiscal year following the effective date of the Chapter, and, thereafter, targeting other goods for enforcement based on recommendations of the Sweatfree Procurement Advisory Group submitted by the Director of the Office of Contract Administration to the Board of Supervisors and approved by ordinance.

August 16, 2005 Board of Supervisors — PASSED ON FIRST READING

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

September 6, 2005 Board of Supervisors — AMENDED

Ayes: 8 - Ammiano, Dufty, Elsbernd, Ma, Maxwell, Mirkarimi, Peskin, Sandoval Excused: 3 - Alioto-Pier, Daly, McGoldrick

September 6, 2005 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 8 - Ammiano, Dufty, Elsbernd, Ma, Maxwell, Mirkarimi, Peskin, Sandoval Excused: 3 - Alioto-Pier, Daly, McGoldrick

September 13, 2005 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Mirkarimi, Peskin,

Sandoval

Absent: 2 - Maxwell, McGoldrick

File No. 051257

I hereby certify that the foregoing Ordinance was FINALLY PASSED on September 13, 2005 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young

Clerk of the Board

9.16.05

Date Approved

Mayor Gavin Newsom