

Sweatfree Procurement Forum for Purchasing Officials Thursday, June 25, 2009

Topic: San Francisco's system for evaluating bidders' compliance with labor standards

Next forum:

Thursday, August 27, 4pm ET / 3pm CT / 2pm MT / 1pm PT

Call: 712-432-0800

Access code: 946 641#

Duration: 1 hour

RSVP to bjorn@sweatfree.org is appreciated but not required.

Present:

Roxanne Dietz & two others, Pennsylvania

Sam Dominguez, Austin, Texas

Galen Leung (presenter) and Carmen Herrera, San Francisco

Marilyn Timlake, San Antonio, Texas

Dan Soper, Washington

Farshid Yazdi, Los Angeles

Michelle Real, New York

Helen McCain, Wisconsin

Jeff Baer, Portland, Oregon

Liana Foxvog, SweatFree Communities (facilitator & note-taker)

Introduction

Today's presenter is Galen Leung, Manager of the Central Buying Division in San Francisco's Purchaser's Office. Previously he has managed contracts at the San Francisco airport and at San Francisco Department of Public Health. He has experience implementing the San Francisco sweatfree procurement ordinance and serves on the Sweatfree Purchasing Consortium's interim steering committee.

Summary of Presentation by Galen Leung

Background and overview

Resources accompanying the presentation:

- San Francisco's sweatfree compliance instructions and forms (sent with the agenda)
- Galls' compliance plan (http://www.sfgov.org/site/uploadedfiles/oca/Sweatfree/TC81164_0409.doc)
- Further resources: www.sfgov.org > city agencies > purchasing > sweatfree ordinance > sweatfree contracting

The compliance documents were developed by the Purchasing Office in consultation with San Francisco's Sweatfree Advisory Group, the Worker Rights Consortium (the independent monitor that San Francisco contracts with), the City Attorney's Office, and the San Francisco Office of Labor Standards Enforcement.

San Francisco has yet to receive a bid that is 100% compliant with the sweatfree ordinance, so these materials allow the city to determine the most compliant bid. Company responses have varied in their level of compliance and some appear inaccurate: some suppliers are either not familiar with supply chain tiers or do not wish to provide the information. Some vendors have raised questions about whether the requested information is proprietary.

San Francisco has a threshold of \$25,000 – the ordinance applies to contracts above that level.

The lowest and most responsible bidder will receive a compliance plan.

Galls example: Galls factory disclosure was far from complete. Since this was the only bid San Francisco received, the bid was awarded to Galls and a compliance plan was put in place. Information from two other recent bids will be available on the website soon.

The instructions document details the process, including:

- SF rewards for partial information when the information provided is incomplete.
- SF decided to reward more for disclosure of factory locations

After receiving the information, San Francisco works with the WRC to determine the accuracy of the disclosed information (ie. whether what was disclosed as factories are actually factories). Six months after receiving disclosure, SF will return to its vendors to see if there have been any changes in their suppliers and their supplier's factories. If substantial progress has been made at 12 months mark, as determined by director of purchasing, then the contract becomes eligible for a one-year extension. Otherwise it's only a two-year contract.

Questions & Discussion

Liana Foxvog: How well is the process working?

Galen Leung: The process has initially been slow but as the group becomes accustomed to it, it should become faster. Have to deal with the fact that vendors are not providing complete information - some of the information received is confusing. However, more usable information has resulted from clarifying questions. Evaluating one bid and developing the compliance plan took 3-4 meetings of 1-1.5 hours each.

Dan Soper: What's the overall timeline to get to this point? What staff and funding resources are needed?

Galen Leung: Since it has been a requirement imposed by the city and county of San Francisco on its purchasing office, the office had to take it upon itself as its mandate. The group consisted of two buyers and two representatives of the Office of Labor Standards Enforcement. This was built in so did not have to secure any additional FTEs for this effort. The assessment of which departments it would cover, and how, took the longest (1 year). It took 6 months to create a bid with the correct language. It took 2 months to get it out the door. Then 4 months of evaluation of sweatfree ordinance compliance. Once the evaluation was over there was some postponement due to the end of the fiscal year. We're cutting new ground – it took 2.5 years to get to this point.

Dan Soper: Have you had any protest from any vendors because of this process? How do you intend to implement the city's right to inspect factories?

Carmen Herrera: Currently the Worker Rights Consortium, an independent monitor, is conducting inspections with subcontractors who agreed to receive factory inspections. Vendors have only recently disclosed their factories so it is too soon to know results of inspections.

Galen Leung: We have not received a formal protest but have received a letter of inquiry so have not needed to change the process.

Liana Foxvog: The information provided by Galls is incomplete – do you think this is the best they can do or a form of resistance?

Galen Leung: I believe it's the best they can do at this time. In future bids Galls will likely compete with others so would need to comply more to continue to secure bids. Vendors will need to recognize that compliance will not hurt their competitive ability and that being transparent with regards to their supply chain will not put their confidential business relationships at risk. Things that could help secure more compliant bids:

- Vendor education by the purchasing department
- Encouraging compliant factories to develop the products needed

Dan Soper: Are the solicitations available online?

Galen Leung: Because the bids are closed they are now offline. Will send the language to Liana/Bjorn to share with the group. Other jurisdictions are welcome to use and adapt the language.

Carmen Herrera: Since the new process has been put into place, the number of local vendors that the City has have grown from 2 to 6, which is a positive development.

Liana Foxvog: The WRC's online factory database (www.workersrights.org) lists the supplier factories for all of the WRC's member universities' apparel licensee companies. It is already common practice for university licensees to disclose factory locations. The more that cities and states consistently require factory location disclosure from vendors, the easier it will be to receive a higher level of compliance in this regard as it becomes a more common business practice for vendors.

Galen Leung may be reached at Galen.Leung@sfgov.org.