

September 15, 2025, via email

Members of the Budget and Finance Committee
1 Dr. Carlton B. Goodlett Place City Hall, Room 244
San Francisco, CA 94102-4689

Dear Members of the Budget and Finance Committee:

The members of the Sweatfree Procurement Advisory Group (SPAG) are unfortunately unable to attend the meeting scheduled for September 17. The SPAG met this past Thursday, September 11, as part of our regularly scheduled meetings. During that meeting, the Workers' Rights Consortium (WRC), the independent monitor the City contracts with to ensure compliance with the ordinance, reviewed recent factory inspections and remediation efforts.

The SPAG's dedicated members remain committed to eliminating sweatshops from the supply chains of all goods the City purchases, starting with garments and textiles. We applaud your proposal to codify the changes to the procurement legislation you discussed at your July Board of Supervisors meeting, which would restore the SPAG and allow us to continue in our advisory and support role for the Sweatfree Procurement Ordinance.

Enclosed is a copy of the report presented by the WRC during our recent meeting, which provides examples of the ongoing work of the Sweatfree Ordinance and details current enforcement cases that involve important workers' rights violations and remediation by City contractors for pregnancy discrimination, freedom of association, and extreme violations of the Sweatfree "non-poverty wage standard". The investigations were conducted in and around factories located in Asia, Latin America, and Africa. As a consequence of one of the investigations, dozens of workers won tens of thousands of dollars in back wages for wrongful termination.

We look forward to continuing to work with you to extend these straightforward, life-changing protections to as many workers who produce goods for the City and County of San Francisco as possible. The SPAG has many ideas about how Sweatfree procurement standards can be spread cost-effectively to cover more workers and more industries. Together we can ensure that San Francisco continues to be a beacon of workers' rights and common-sense policy to the rest of the Country and the larger world.

Sincerely,

A handwritten signature in black ink, appearing to read "Conchita", written in a cursive, flowing style.

Conchita Lozano-Batista
Chairperson, SPAG

Enclosure



SF SPAG Meeting

September 11, 2025

Northstar Manufacturing, Thailand

Supplier to Elbeco / Banner (SF), Galls (LA)

Investigation confirmed this former forced labor factory:

Pays legal minimum wage and overtime.

No longer confiscates workers passports

Provides a weekly day off

Has a CBA with workers

Compensation for Pregnancy Discrimination



Factory initially agreed to pay 16 workers THB 1.15 million (\$34,000)

21 more workers came forward with older claims

Factory has agreed to pay each 4 months wages (\$1,000 plus for each)



MBI Haiti

Buyers: Workwear
Outfitters (Banner,
SF/LA)
Cintas.

Previously remedied:
Firing of 6 SOTA-BO
union leaders –
reinstated with 13
months back pay.

Outstanding Violation: Second Mass Firing of Union Leaders

GOSTTRA union president, five other union leaders retaliatorily targeted in layoff.

Workwear Outfitters has ceased sourcing from factory, so no longer supplier to SF or LA.

Cintas has refused to require factory to reinstate union leaders.

WRC continuing to publicize case to hold Cintas accountable, including through Sweatfree Purchasing Consortium.



An aerial photograph of a large garment factory in Haiti. Numerous workers, mostly wearing yellow shirts, are seated at long sewing machines arranged in rows. The factory floor is marked with yellow lines, and there are stacks of cardboard boxes and materials throughout the space. The title 'Cintas Offshores Unionbusting to Haiti' is overlaid in large white text.

Cintas Offshores Unionbusting to Haiti

August 28, 2025

Uniform Maker Won't Require Haitian Supplier Factory to Rehire Worker Leaders

political chaos, rampant gang violence, and a near total breakdown in the rule of law, Haiti has remained a significant production hub for employers for the US market. This has been due to trade preferences and because the poverty-stricken country has some of the lowest wages for garment workers in the Western Hemisphere. Despite this crisis, some US workwear brands have been helping garment workers in Haiti secure their legal rights. Unfortunately, some others, including Cintas, are allowing those rights to be trampled.



Dong Thanh II (Vietnam)

Buyers: 5.11 Tactical (Galls, SF/LA)

2025 investigation confirmed improvements maintained:

Legal rest breaks.

Eliminating illegal wage deductions.

Allowing sick days

Improved fire safety

Improved PPE

Safer machinery

Improved electrical safety



Reoccurring and New Violations

- No longer paying a required wage premium.
- No longer paying non-poverty wages (\$1.08/hr. paid vs. \$2.21/hr. standard).
- Management controls factory worker union.
- Unsafe materials storage.
- Excessive temperatures.
- Ergonomic hazards.



Factory has promised corrective action plan



Hirdaramani Garments, (Hawassa, Ethiopia)

Buyer:

DPH Uniforms / Banner

Investigation found:

Extremely low wages

Unlawful unpaid and forced
overtime

Abusive treatment

Excessive heat levels



Rock-bottom Wages at Hirdaramani Garments

- Regular fulltime pay is **\$7 month (\$1.60 per week)** for 48-hour week.
- **Less than \$100/year.**
- **3.5 cents per hour.**
- Workers also perform unpaid overtime.
- 50% of prevailing wage in area (no minimum wage law).
- **Less than 10% of non-poverty wage standard (\$0.48/hour).**

Response requested from factory.

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,

A handwritten signature in black ink, appearing to read 'C. Lozano'.

Conchita Lozano-Batista
Chairperson, SPAG

cc: Pat Mulligan, Office of Labor Standards Enforcement

Analysis: Proposed changes to San Francisco's Sweatfree Ordinance

by [File #250192](#) (Leg Ver1), the "Open for Business Contract Streamlining Act of 2025"

Prepared by Coyote Codornices Marin (they/them)
Vice Chair, Sweatfree Procurement Advisory Group
City and County of San Francisco

Background

File #250192, styled the "Open for Business Contract Streamlining Act of 2025," proposes to make several aims "to simplify the City's procurement processes and promote competition" (proposed ordinance, subsection 1(b)).

This analysis takes a detailed look at its overhaul of the City's Sweatfree Ordinance (§ 151).

Misconceptions written into the proposal ("code smells")

Bill #250192 is about procurement broadly, not garment supply chains specifically.

Here are some aspects of the bill that look odd to someone versed in garment/textile supply chains and how the Sweatfree Ordinance works in practice, along with how things actually work in practice.

Misconception #1: clothing brands typically own their own factories

Proposed § 151.3 defines "Manufacturer" as "a person or business that owns an apparel brand."

In practice, it's the exception, not the rule, for brands to manufacture apparel in factories they own themselves. Typically, the City's supply chain looks like this:

- Vendor: brokers between the City and several apparel brands
- Brand: designs and procures apparel
- Subcontractor: makes the apparel in a factory (usually overseas), sometimes subcontracting with other factories owned by other entities

Misconception #2: compliance with the Sweatfree Ordinance is binary

Proposed § 151.6 (a)(3) exempts contracts with “no qualified bidders” if “there are no qualified, responsive bidders or prospective contractors who could be certified as being in compliance with the requirements of this Article 151.”

In an ideal world, all government procurement everywhere would be in line with sweatfree principles, and there would be a wide range of vendors willing to offer sweatfree goods at competitive prices.

However, in practice, it is often beyond the ability of the City’s Vendors to honestly certify that they can get all parts of the supply chain to be in compliance with the Sweatfree Ordinance. One of the City’s primary sweatfree vendors, Banner Uniform (a San Francisco based company), expressed concerns at a Sweatfree Procurement Group meeting that they would be unfairly incentivized to lie and certify portions of the Sweatfree Ordinance that they could not in fact guarantee.

In response to that advice, the City’s current procurement process, now in operation for several years, is to require vendors that they can provide full information about where goods produced by the City are being manufactured and then score them on a 10-point scale with regards to whether they can guarantee various other aspects of the Sweatfree Ordinance.

Major changes made by the proposed legislation

Makes compliance with the Sweatfree Ordinance binary

Existing § 151.11 gives the City the ability to adopt rules about what to do when Vendors are only able to be partially compliant with Sweatfree Ordinance (see above for a summary of the current rules).

Existing § 151.11(e) lays out the process for adopting such rules through a public process: “Standards for determining most substantial compliance under subsection (b) and additional level or levels of compliance under subsections (c) and (d) shall be adopted by the Director following consultation with the Office of Labor Standards Enforcement and the Sweatfree Procurement Advisory Group, and a public hearing.”

In contrast, the proposed changes only talk about compliance and non-compliance (see proposed § 151.6(a)).

Eliminates rule requiring that sweatfree goods cost no more than 15% more

The Sweatfree Ordinance provides that, when the City has the option of taking a sweatfree proposal that costs 15% more than the lowest bid, the City should take the lowest bid instead (see § 151.11(f)).

In practice, this rule never rarely comes into play because sweatfree procurement is not significantly more costly. Office of Contract Administration employee Shawn Peeters has testified in the past to the Sweatfree Procurement Group that San Francisco appears to be paying market prices for garments and textiles, despite the added complication of the Sweatfree Ordinance.

The proposed changes eliminate the 15% rule, apparently requiring the City to prioritize any sweatfree bid over less-compliant bids, regardless of the price (see proposed § 151.6(a)(2), “Only One Qualified Bidder”).

Eliminates Sweatfree Procurement Advisory Group

The proposed changes eliminate § 151.7, establishing the Sweatfree Procurement Advisory Group.

The Sweatfree Procurement Advisory Group consists of volunteers plus one member (in practice, a City employee), appointed by the Controller. It typically meets quarterly, with no more than five city staff present for a two-hour meeting. The costs to the City of operating the Group are nominal.

The Advisory Group is, as its name implies, advisory; it does not have the power to block or delay actions by the City. At most, when certain aspects of the Ordinance require the Advisory Group to hold public hearings (see § 151.11(e)), they require “consultation,” not approval of the Advisory Group.

One of the Advisory Group’s functions is to coordinate implementation of the Sweatfree Ordinance between the Office of Labor Standards Enforcement and the Office of Contract Administration. The proposed ordinance aims to “increase inter-departmental coordination in contracting and align policy and administrative processes across departments,” (see subsection 1(f)(v)), but eliminating the Advisory Group appears to do the opposite.

The Advisory Group also provides the City’s primary institutional knowledge about the Sweatfree Ordinance, which no other city body is fully responsible for. One member of the Advisory Group, Jason Oringer, has served on the Advisory Group since the Sweatfree Ordinance was originally adopted.

Muddies safe harbor rules for incidental parts of the contract

Existing § 151.2(h) exempts subcontracts that are less than 10% of the higher tier contractor’s work or less than \$25,000.

Proposed § 151.10(d) exempts goods if “the amount paid for by the City for the Goods” is 10% or less of the total contract. It appears the intent was to apply this exception to goods purchased by brands and subcontractors as well, but that’s not what the language actually says.

Muddies Vendors' liability

The existing ordinance clearly defines “contract,” “contractor,” “subcontract,” and “subcontractor,” (see § 151.2), and places responsibility for compliance with the ordinance equally on “each contractor and subcontractor” (see §151.3).

In contrast, the proposed changes only define “contract” and “contractor” (proposed § 151.3) and declares “the requirements of this Article 151 do not apply to subcontractors except to the extent that the requirements are imposed upon the Contractor” (proposed § 151.2(d)). Because the new language is novel and vague, it may be subject to litigation and expose Vendors to additional liability.

Eliminates living wage provisions

See existing § 151.3(b).

Exempts textiles

Compare existing § 151.6 to proposed § 151.3, "Covered goods."

For example, sheets procured by SF General Hospital fall under the Sweatfree ordinance.

Exempts garments procured for a public works related contract

Compare existing § 151.6 to proposed § 151.3, "Covered goods."

Becomes inoperative on July 1, 2035

See proposed § 151.9.

Adds boilerplate exemptions

In an apparent drafting error, the proposed changes include some new exemptions to the Sweatfree Ordinance that appear to be irrelevant to apparel procurement, exempting legal services (proposed § 151.2(c)(3)), finance (proposed § 151.2(c)(4)), and real estate (proposed § 151.2(c)(6))

Unintended consequences

The proposed changes aim to reduce costs to the City by simplifying the procurement process (see Section 1). Here are two ways that, paradoxically, simplifying the language of the Sweatfree Ordinance as proposed could easily increase costs for the City.

Scenario #1: only one fully compliant bidder

As mentioned above, because the proposed changes eliminate the 15% safeguard (§ 151.11(f)), the City may find itself in a situation where there is only one *fully* compliant bidder that offers

goods at exorbitant prices, and be obligated by the new language (proposed § 151.6(a)(2), “Only One Qualified Bidder”) to take the contract anyhow.

Scenario #2: spooking a major vendor

In practice, there are two major Vendors for most sweatfree apparel contracts, Jimmy Muscatello’s of Washington, DC, and Banner Uniform, a San Francisco small business.

Since both Vendors offer access to more or less the same of apparel brands, the City is still able to procure goods at market rates because price competition is between brands, not between Vendors. Having two Vendors keeps each Vendor honest; they compete on the basis of their own overhead and the strength of their relationship with brands to ensure transparency in the supply chain and compliance with the Sweatfree Ordinance.

However, if one of the Vendors were to be spooked by changes to the Sweatfree Ordinance, the City would essentially be procuring apparel from a sole supplier, and be obligated to take whatever price they offered.

Aspects of the proposed changes that might make a Vendor nervous of increased liability include (see above):

- Makes compliance with the Sweatfree Ordinance binary
- Muddies safe harbor rules for incidental parts of the contract
- Muddies Vendors’ liability

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,

A handwritten signature in black ink, appearing to read 'C. Lozano'.

Conchita Lozano-Batista
Chairperson, SPAG

cc: Pat Mulligan, Office of Labor Standards Enforcement