

Exhibit A
Meeting Agenda 12/16/10
COMMITTEE ON SWEATFREE PURCHASES

Action: Clarify MGO 4.25, sec. (2), application of \$5000 threshold to all City procurement

Problem: Requiring compliance with the sweatfree ordinance for all bids, contracts or orders \$5000 and up may not be feasible, practical or even meaningful to the intent of the ordinance.

Context:

1. Many bids and contracts that meet this threshold may consist of numerous items, some of which may or may not be apparel items, where the total cost of apparel items may not amount to \$5000. The portion of the contract that is considered apparel may also consist of several different types of apparel or footwear made by several different manufacturers.
2. Furthermore, the ordinance does not specify the term in which to apply the threshold (e.g. total \$5000 per year.)

3. Example:

MPD contract value: \$200,000+	Annual
Total no. of items:	255
No. of apparel/footwear items:	167
No. of manufacturers of apparel/footwear items:	45
No. of bidder disclosure statements that bidders would have to complete on behalf of manufacturers and subcontractors	45+

4. The ordinance does not specify how bidder disclosure statements will be submitted by bidders, i.e., for each item, for each manufacturer and all subcontractors in the supply chain, etc. Strict application of the ordinance would require all bidders to complete bidder disclosure statements for each item in the contract or order, regardless of total dollar value of that specific item, such that bidders will have to submit forms for even those items that may cost \$1.00.

- Proposal:**
1. Clarify the ordinance to apply the \$5000 threshold to each brand/manufacturer for any item or items, where the total annual dollar value amounts to \$5000 or more.
 2. **Proposed Language: MGO 4.25, sec. 2**
(2) Applicability – Apparel. This ordinance shall apply to all City procurement of apparel ~~totaling \$5,000 or more,~~ where the total annual purchase for a specific brand/manufacturer of an item or items totals \$5000 or more....

- Discussion:**
1. Careful consideration must be given to measuring the impact of this change in terms of how much of the City's total apparel purchases will still be covered, so as not to reduce the application of the ordinance to only a minimum number of contracts or to a smaller percentage of annual total purchases. Purchasing staff estimates that the ordinance will still apply to the larger contract purchases that account for approximately 80% of the total annual apparel expenditure.
 2. As the City moves toward an Enterprise Resource Planning system (ERP) that will have built-in capability to capture total annual spend by commodity, Purchasing staff will have the necessary data to aggregate specific commodity requirements that are common across agencies and leverage the purchasing volume appropriately. This will provide more potential to identify even those small dollar purchases made using purchasing cards or limited purchase orders that otherwise are not currently being tracked.