

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION (A) APPROVING THE ALLOCATION OF \$238,000 IN FEDERAL AMERICAN RESCUE PLAN ACT FUNDS TO THE EXTENT ELIGIBLE AND AVAILABLE, OR OTHER FUNDS AS DETERMINED BY THE COUNTY MANAGER, TO THE ENVIRONMENTAL HEALTH SERVICES DIVISION OF SAN MATEO COUNTY HEALTH TO COVER THE COST OF OPERATING A PILOT MICROENTERPRISE HOME KITCHEN OPERATIONS (“MEHKO”) PERMITTING PROGRAM; AND (B) AUTHORIZING THE ESTABLISHMENT OF A MEHKO GRANT PROGRAM, PURSUANT TO WHICH INDIVIDUAL GRANTS OF \$2500 SHALL BE MADE TO UP TO 25 MEHKO PERMITHOLDERS, WHO MEET ELIGIBILITY REQUIREMENTS, INCLUDING DEMONSTRATING THAT THEY HAVE EITHER INDIVIDUALLY OR AS A SMALL BUSINESS SUFFERED A NEGATIVE ECONOMIC IMPACT FROM THE PANDEMIC, TO BE USED FOR STARTUP COSTS, AND APPROVING THE ALLOCATION OF \$62,500 IN FEDERAL AMERICAN RESCUE PLAN ACT FUNDS TO THE EXTENT ELIGIBLE AND AVAILABLE, OR OTHER FUNDS AS DETERMINED BY THE COUNTY MANAGER, TO THE MEHKO GRANT PROGRAM

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, California Assembly Bill 626 (“AB 626”) chaptered on September 18, 2018 and amended by Assembly Bill 377 (“AB 377”) chaptered on October 7, 2019 (collectively, the “MEHKO State Law”) established Microenterprise Home Kitchen Operations (“MEHKOs”) as a new category of food facility under the California Retail Food Code, Health and Safety Code section 113700, et seq. (“CRFC”); and

WHEREAS, the MEHKO State Law authorizes the use of home kitchens for small-scale, direct food sales by home cooks to consumers, providing appropriate flexibility in food types and appropriate health and sanitation standards; and

WHEREAS, in order for MEHKOs to operate in San Mateo County, the Board must adopt an ordinance or resolution to affirmatively “Opt-In” and authorize the permitting of MEHKOs, subject to the various requirements set forth in the CRFC, and if the Board opts in, this authorization would apply County-wide; and

WHEREAS, on January 29, 2019, the Board adopted a resolution, expressing support for the implementation of AB 626 in San Mateo County and appointing Supervisors David Canepa and Don Horsley to a subcommittee to work with staff to develop and bring to the Board an appropriate form of ordinance to implement AB 626 in San Mateo County; and

WHEREAS, if the Board adopted an ordinance affirmatively “Opting-In” and authorizing the permitting of MEHKOs in the County, the Environmental Health Services Division of San Mateo County Health (“EHS”) would be the local enforcement agency for MEHKOs countywide; and

WHEREAS, with the County re-opening and due to the need to create entry level business opportunities for workers displaced and negatively economically impacted by the COVID-19 pandemic, the Board desires to create a MEHKO pilot permitting program (“MEHKO Pilot Program”) and a MEHKO grant program (“MEHKO Grant Program”); and

WHEREAS, the establishment of these programs will, together with the EHS Permit Fee Relief Program for impacted businesses and industries recently approved by

the Board, respond to the negative economic impact of the pandemic by supporting the expansion of food service industry opportunities that were delayed due to the pandemic; and

WHEREAS, the MEHKO Pilot Program and the MEHKO Grant Program are also equity initiatives because MEHKOs are launchpads for women, minorities, residents of low-income neighborhoods and other people who have historically faced challenges entering the food business and who have been disproportionately impacted by the pandemic; and

WHEREAS, based on the recommendations of the Subcommittee and staff, the Board desires to establish a two-year MEHKO Pilot Program, which (a) would provide the County and the cities the opportunity to assess the benefits of permitting MEHKOs throughout the County before adopting a longer term or permanent ordinance, and (b) provide data to help determine long-term staffing needs and estimated costs for a longer term or permanent MEHKO permitting program; and

WHEREAS, the Subcommittee has determined that based on current workload, existing EHS staff would be used to develop and implement the MEHKO Pilot Program, and that staffing to develop and implement the MEHKO Pilot Program would require 0.5 FTE Environmental Health Specialist IV, which is estimated to cost \$237,721 for two years (based on the estimated personnel costs of \$108,055 per year plus estimated non-personnel costs of \$10,805, which is equal to \$118,860 per year); and

WHEREAS, since annual permit fees have been waived for most of the small businesses EHS oversees under the EHS Permit Fee Relief Program recently authorized by the Board as a response to the negative economic impact of the pandemic and at the Subcommittee's recommendation, the Board desires to allocate \$238,000 in federal American Rescue Plan Act funds to the extent eligible and available, or other funds as determined by the County Manager, to EHS to cover the staffing costs to develop and implement this approximately two-year MEHKO Pilot Program; and

WHEREAS, the funding will benefit the negatively impacted food service industry by ensuring that administrative costs incurred by EHS in issuing MEHKO permits will not be passed onto the permit holder in the form of application fees or annual permit fees, during the period that the MEHKO Ordinance is in effect.; and

WHEREAS, additionally, at the Subcommittee's recommendation, the Board desire to establish a MEHKO Grant Program and allocate \$62,500 in federal American Rescue Plan Act funds to the extent eligible and available, or other funds as determined by the County Manager, to cover the cost of the MEHKO Grant Program; and

WHEREAS, with this funding, up to 25 grants of \$2,500 each would be available to MEHKO permit holders, who meet eligibility requirements, including demonstrating that they have either individually or as a small business suffered a negative economic impact from the pandemic, to provide funds for startup costs, including mandatory food safety training, advertising and marketing, and web presence.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the allocation of \$238,000 in federal American Rescue Plan Act funds to the extent eligible and available, or other funds as determined by the County Manager, to the Environmental Health Services Division of San Mateo County Health, to cover the cost of operating the MEHKO Pilot Program, is approved.

BE IT FURTHER RESOLVED that the establishment of a MEHKO Grant Program, pursuant to which individual grants of \$2500 shall be made to up to 25 MEHKO permitholders, who meet eligibility requirements, including demonstrating that they have either individually or as a small business suffered a negative economic impact from the pandemic, to be used for startup costs is authorized, and the allocation \$62,500 in federal American Rescue Plan Act funds to the extent eligible and available, or other funds as determined by the County Manager, to the MEHKO Grant Program, is approved.

BE IT FURTHER RESOLVED that the County Manager, or designee, is authorized to apply state and/or federal funds, to include those appropriated by the American Rescue Plan Act, that may be made for all or a portion of the monies expended on the Program, including all for grants under the Program and all monies paid to the SMCU Community Fund, to administer and distribute Program funds.

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