County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 5
File #: 19-070

Board Meeting Date: 1/29/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Supervisor David Canepa, District 5
Supervisor Don Horsley, District 3

Subject: Participating in issuing Microenterprise Home Kitchen permits

RECOMMENDATION:

Adopt a resolution stating support for implementation of Assembly Bill (AB) 626, regarding microenterprise home kitchens, in San Mateo County and appointing Supervisors Canepa and Horsley to a subcommittee to assess and report on implementation of AB 626 in San Mateo County.

BACKGROUND:

AB Bill 626 (Eduardo Garcia) was introduced in the California State Assembly on February 14, 2017 and, in January of 2018, the bill was approved by the State Assembly on a vote of 66-1. It was subsequently approved by the State Senate by a vote of 36-0. Then Governor Jerry Brown signed the bill into law on September 19, 2018, and it became effective on January 1, 2019.

The author of AB 626, Assemblymember Garcia, represents a diverse district and, in sponsoring this legislation, he noted that the preparation and sale of foods by microenterprise home kitchens (MHKs) creates significant economic opportunities for Californians who most need them, including women, immigrants, and people of color. Assemblymember Garcia also stated that permitting and regulation of MHKs would increase public health safeguards in existing informal food economies and would improve access to healthy foods for communities where there may be limited options.

DISCUSSION:

AB 626 allows local agencies (cities and counties) to adopt an ordinance or a resolution that would authorize the permitting of MHKs, subject to the various requirements set forth in the law.   If the County adopted such an ordinance or resolution, AB 626 would allow for a low cost and accessible way for independent, small-scale cooks to establish food preparation businesses from their homes, selling meals to diners who are served on site or as take out or delivery. In particular, AB 626 would accomplish the following in San Mateo County, if implemented here:

- **Legalization of small-scale home food operations:** MHKs would be limited to selling no more than sixty individual meals (or equivalent meal components) each week. Further, MHKs could have up to $50,000 in verifiable gross annual sales.

- **Ensuring enforcement of health and safety standards:** MHKs permitted under AB 626 must be inspected by and registered with the local enforcement agency and must follow a set of health, training and sanitation standards set forth in the law.

- **Direct sale of foods:** Cooks providing food from an MHK must serve food directly to end customers, and may not distribute food through a retailer, wholesaler, or delivery company/application. Any third parties providing online marketing or sales tools for cooks must abide by fee transparency and complaint reporting requirements.

MHKs authorized under AB 626 have the potential to create economic opportunities for County residents and increase dining options for potential customers, and we believe that this Board should express support for implementation of AB 626 in San Mateo County. However, there are staffing, processing and logistical concerns that need to be addressed in order to ensure an orderly implementation of AB 626 in the County.

Therefore, we recommend and request the formation of a subcommittee, which we would serve on, to work with staff to study and address these issues. The subcommittee would return to the Board to present its findings and a form of resolution or ordinance for the Board's consideration.

FISCAL IMPACT:
The subcommittee would assess the potential fiscal impact of implementing AB 626 in San Mateo County and would integrate into any resolution or ordinance authorizing MHKs appropriate fees for permitting and inspecting MHKs to offset the cost of the MHK program.