

How-To Launch a

MEHKO

Business



A PROGRAM OF



IN PARTNERSHIP WITH





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Chief Operations Officer
Monterey County Business Council

Monterey County Business Council manages several programs that are here to help your local small business. A program of the federal Small Business Administration (SBA), our Central Coast Small Business Development Center provides no-cost access to business advisors and other services to grow your business.

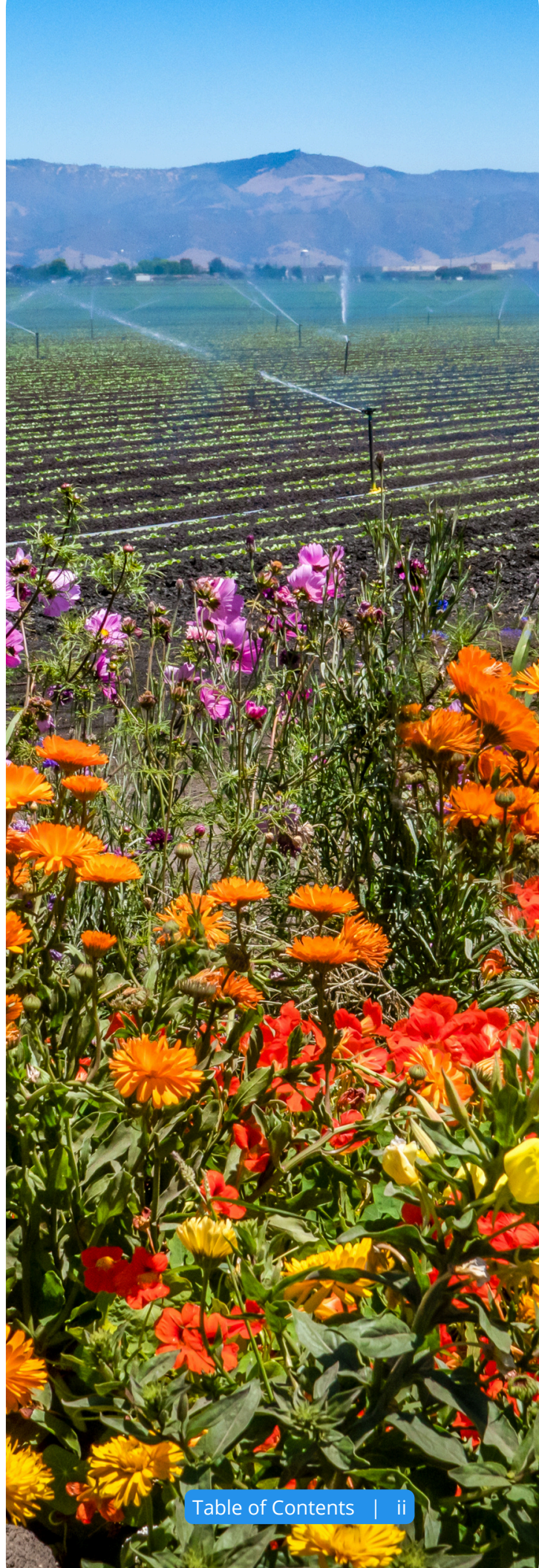
The Business Council developed the Building Business Back program, in partnership with the County of Monterey, to help local companies recover from the pandemic. To help you get your food business started, our BBB team has assembled this guide on MEHKO. We also may be able to cover some of the permit fees in getting your business started.

If you're doing business locally, please reach out to our team to see how we can help.

www.MontereyCountyBusiness.com

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About MEHKO

Welcome to the Microenterprise Home Kitchen Operations (MEHKO) program in Monterey County! MEHKO offers a unique opportunity for aspiring entrepreneurs to start their food business from the comfort of their own home. Let's delve into how this program came to be and what you need to know to get started.

In the past, California's regulations under the California Retail Food Code (CRFC) mandated that food sold to consumers had to be prepared in inspected commercial kitchens. However, a significant change came in 2013 with the introduction of the California Homemade Food Act, also known as "Cottage Food Operations." This legislation permitted certain low-risk food products, such as bread, pie, fruit jam, and dried foods, to be made in private home kitchens and sold to consumers under specific conditions, bypassing the need for commercial kitchen facilities.

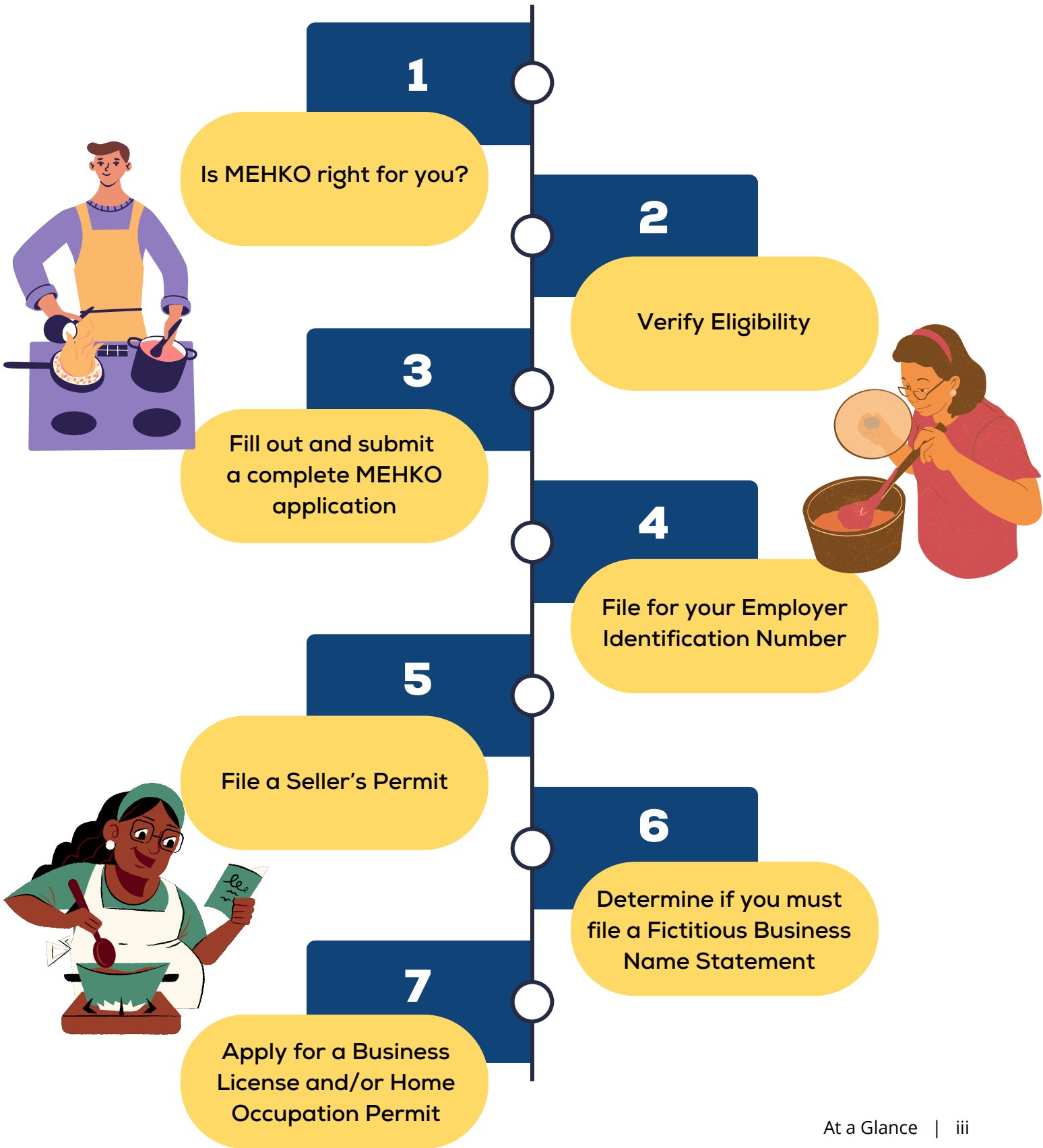
Building upon this foundation, on September 18, 2018, Governor Brown signed Assembly Bill 626 (AB 626), the California Retail Food Code: Microenterprise Home Kitchen Operations. This pivotal bill established the MEHKO framework, creating a new category of retail food facility. It mandated that local jurisdictions develop programs for approving MEHKOs before they could operate or be permitted.

Fast forward to September 19th, 2023, when the Monterey County Board of Supervisors made the decision to opt-in to the MEHKO program. This authorization encompasses all areas within the county's jurisdiction, including cities.

To get started with your MEHKO, you'll need to submit both a Standard Operating Procedure MEHKO Application and a Health Permit Application. These documents will be reviewed and approved by the relevant department before you can open to the public.

A MEHKO operates out of a resident's existing home kitchen, where food is stored, handled, prepared, and potentially served to consumers onsite. If you're considering new construction or remodeling for MEHKO operations, it's essential to get approval from the local planning department beforehand. For guidance on construction or remodeling requirements, reach out to your city or county Housing and Community Development (HCD) department.

AT A GLANCE





Is MEHKO right for you?

Are you considering opening a Microenterprise Home Kitchen Operations (MEHKO) business in Monterey County? Before diving in, it's crucial to determine if a MEHKO business aligns with your goals and capabilities. Here's what you need to know:

1. Permitted Activities:

- MEHKO permits are limited to specific activities, including:
 - Hosting customers who consume food at your home.
 - Offering food pickups for customers at your residence.
 - Delivering food directly to your customers.

2. Restrictions to Keep in Mind:

- Maximum gross annual revenues are capped at \$103,900*.
- Daily limit: no more than 30 individual meals.
- Weekly limit: no more than 90 meals.
- One full-time employee is permitted, excluding household members.
- Menu Restrictions:
 - No alcoholic beverages.
 - No raw milk or milk products.
 - No raw oysters.
 - No foods requiring special processes such as smoking, curing, or vacuum packing, which necessitate a Hazard Analysis Critical Control Point (HACCP) plan.

*Gross annual sales limit is adjusted based on the California Consumer Price Index (CPI).

3. Understanding What MEHKO Isn't:

- MEHKO does not permit:
 - Selling food at events like farmer's markets or pop-ups.
 - Catering services.
 - Public street vending activities.
 - Food preparation for food trucks.

Before proceeding, carefully evaluate if these conditions match your business aspirations and operational capabilities.

If you have questions about food vending permits, contact the Monterey County Environmental Health Bureau.

Important Considerations

1. Insurance

- Operating a food business out of your home has direct implications on your renter's or homeowner's insurance policy, contact an insurance professional to better understand the implications of obtaining a MEHKO permit on your insurance policy.
- Explore available commercial coverage options to protect against potential liabilities, such as lawsuits resulting from accidents on your property.

2. Accessibility

- As a business serving the general public, you may need to make physical modifications to your property to comply with the Americans with Disabilities Act (ADA).
- Failure to meet ADA accessibility standards can lead to fines and legal action.
- Providing accessible bathroom facilities for the public may also be necessary.
- Portable restrooms are not allowed for the purposes of MEHKO.

3. Food Ware

- California regulations mandate adherence to specific guidelines regarding food ware materials, with Styrofoam being prohibited.
- For further information on food ware requirements, reach out to Salinas Valley Recycles or ReGen Monterey:
 - Salinas Valley Recycles: (831) 775-3000
 - ReGen Monterey: (831) 384-5313

4. Entity Type

- If you chose an entity other than a Sole Proprietorship, there are additional steps you will need to take in order to formalize your business. Contact an attorney or finance specialist to orient yourself on what entity type works best for you.

5. Employees

- You are able to hire up to one full-time employee with a MEHKO permit. Employees are defined as any individual who is not a household member.
- If you chose to have employees, there are additional steps you will need to take in order to be fully compliant with labor regulations.





Verify Eligibility

If you're renting your home or apartment, it's important to consult with your landlord, property manager, or homeowners association to determine whether home-based businesses are permitted according to your lease agreement. Some leases may include language that restricts or prohibits conducting any business out of the rental unit.

For residents in the unincorporated regions of Monterey County, it's recommended to reach out to the Monterey County Housing and Community Development Department. They can provide information and assistance in verifying if your specific address is zoned properly for a MEHKO permit.



Fill out and submit a complete MEHKO application.

Starting a Microenterprise Home Kitchen Operation (MEHKO) in Monterey County involves several important steps, one of which is submitting a complete application. Here's how to ensure your application is complete and sets you on the right path to launching your home kitchen business:

1. Access the Forms

You can download all the necessary forms for your MEHKO application at tinyurl.com/MEHKOMoCo. Ensure you download each form, fill them out completely, and check for accuracy:

- *Health Permit Application*
- *Worker's Compensation Affirmation Form*
- *MEHKO Standard Operating Procedure Application*
- *MEHKO Alcoholic Beverage Acknowledgement Form*

2. Application Fee*

The fee for filing your MEHKO application is \$641.69. The fee covers the cost of processing your application, a scheduled inspection of your kitchen, administrative and first responder fees.

*MEHKO application fees increase on July 1st, 2024 to **\$XXX.XX**

3. Seek Assistance If Needed

If you encounter any difficulties while filling out your forms or have questions about the application process, don't hesitate to reach out for help.

Contact the Monterey County Environmental Health Bureau for assistance.

Phone: (831) 755-4500

Email: health@co.monterey.ca.us

By following these steps, you can ensure that your MEHKO application is complete and submitted correctly. This will help streamline the approval process, getting you closer to launching your food business from home.

Obtain your Employer Identification Number (EIN)

Visit the IRS website via tinyurl.com/IRSHowToApplyforEIN for comprehensive guidance on securing your Employer Identification Number (EIN).

Additionally, a detailed video tutorial on applying for an EIN online is available at tinyurl.com/HowtoApplyEIN.

Ensure you have your EIN ready as it is necessary for the subsequent process of applying for a Seller's Permit.

Note: There is no fee to apply for an EIN.



Apply for a Seller's Permit

Starting a Microenterprise Home Kitchen Operation (MEHKO) business in Monterey County means you'll be handling sales transactions and collecting taxes, so obtaining a Seller's Permit is an essential step. Here's how to go about it:

1. Understand the Requirement: As a food-based business, you're responsible for collecting state taxes on sales. This necessitates filing for a Seller's Permit with the State of California.
2. How-To: Access a detailed tutorial to guide you through the application process for a Seller's Permit. You can view this tutorial by visiting tinyurl.com/ApplyforSellersPermit
3. Cost: There is no fee to file for a Seller's Permit—it's completely free.

By ensuring you have your Seller's Permit, you're taking an important step towards compliance and readiness in your new business venture.





Determine if you must file a Fictitious Business Name Statement.

What is a Fictitious Business Name? A Fictitious Business Name is a name under which a business operates that doesn't include the owner's surname or clearly indicate the nature of the business. For instance, if you plan to operate as "Smith & Jones Associates" or "Smith & Jones Sons," you would need to register a Fictitious Business Name. Even if the owner's surname is included, if additional words suggest other owners not specifically named, registration is required.

Exceptions: If you're operating under your legal name like "John Smith Plumbing" or simply "Smith Plumbing," you don't need to register a Fictitious Business Name, as the business is conducted under the owner's legal name. For corporations, any name other than the exact corporate name stated in the articles of incorporation is considered a Fictitious Business Name.

Filing Fee: \$50.00

For more information about Fictitious Business Name Statements from the County of Monterey, visit tinyurl.com/FBSMoCo.

To access the Fictitious Business Name Statement Application for the County of Monterey, visit tinyurl.com/FictitiousBizStatement.

County Clerk's Office

(831) 647-7600

countyclerk@co.monterey.ca.us

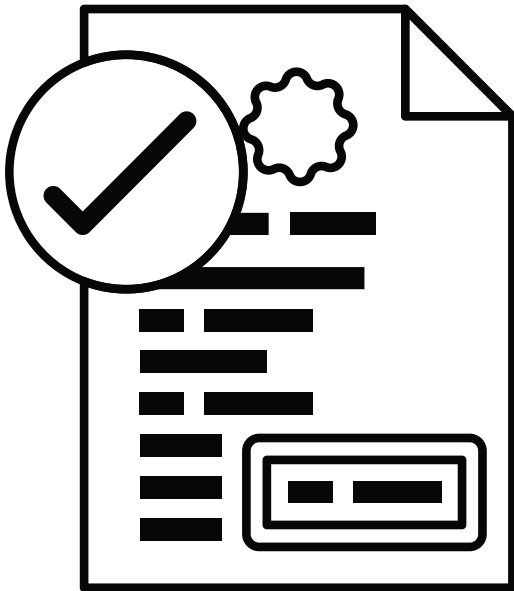
Get a Business License

Before commencing your Microenterprise Home Kitchen Operations (MEHKO) business in Monterey County, it's crucial to understand that Business License regulations and filing fees can vary depending on the city you reside in.

Some cities may mandate both a Home Occupation Permit and a Business License, while others may only require a Business License. To ensure compliance, reach out to your city's administrative offices to ascertain the specific requirements for obtaining a Business License.

For those residing in the unincorporated areas of Monterey County, there are no Business Licenses however, obtaining a Home Occupation Permit from the County is still required.

To begin this process, contact the Monterey County Housing and Community Development Department. They will verify that your residence is eligible for a Home Occupation Permit and guide you through the steps required to obtain it.



CITY CONTACT LIST

We have compiled the following list of contacts should you have any questions about your city's Business License and/or Home Occupation Permit requirements.

SALINAS	MONTEREY
<p>Finance Revenue Division 200 Lincoln Avenue Salinas, CA 93901 (831) 758-7211 eBizLicense@ci.salinas.ca.us https://www.cityofsalinas.org/Business-Licenses-and-Home-Based-Business-Permits</p>	<p>Revenue Division 735 Pacific St, Ste A Monterey, CA 93940 (831) 646-3944 revenue@monterey.org https://monterey.org/city_hall/finance/business_licenses.php</p>
MARINA	SOLEDAD
<p>Planning Department 211 Hillcrest Avenue Marina, CA 93933 (831) 844-1220 https://marina.hdlgov.com/</p>	<p>Finance Department 248 Main Street Soledad, CA 93960 (831) 223-5000 (choose option 3) businesslicense@cityofsoledad.com https://www.cityofsoledad.com/departments/finance/business-license/</p>
GONZALES	CARMEL-BY-THE-SEA
<p>City Hall 147 Fourth Street Gonzales, CA 93926 (831) 675-5000 aflores@ci.gonzales.ca.us https://gonzalesca.gov/services/finance/business-license</p>	<p>Department of Community Planning and Building Monte Verde Street Carmel-by-the-Sea, CA 93921 (831) 620-2010 planning@ci.carmel.ca.us https://ci.carmel.ca.us/business-licenses</p>

CITY CONTACT LIST

We have compiled the following list of contacts should you have any questions about your city's Business License and/or Home Occupation Permit requirements.

KING CITY	PACIFIC GROVE
<p>City Hall 212 South Vanderhurst Avenue King City, CA 93930 (831) 385-3281 customerservice@kingcity.com https://www.kingcity.com/FAQ.aspx?QID=95</p>	<p>City Hall 300 Forest Avenue Pacific Grove, CA 93950 (831) 648-3133 lfrati@cityofpacificgrove.org https://pacificgrove.hdlgov.com/</p>
SEASIDE	GREENFIELD
<p>City Hall 440 Harcourt Avenue Seaside, CA 93955 (866) 240-3665 bizlicensesupport@muniservices.com https://www.ci.seaside.ca.us/199/Business-License</p>	<p>City Hall 599 El Camino Real Greenfield, CA 93927 (831) 674-5591 https://ci.greenfield.ca.us/157/Business-Licenses</p>
SAND CITY	DEL REY OAKS
<p>City Hall 1 Pendergrass Way Sand City, CA 93955 (831) 201-0135 sandcity@hdlgov.com https://sandcity.hdlgov.com/</p>	<p>City Hall 650 Canyon Del Rey Boulevard Del Rey Oaks, CA 93940 (831) 394-8511 kminami@delreyoaks.org https://www.delreyoaks.org/cityhall/page/business-license-application-0</p>

COUNTY CONTACT LIST

We have compiled the following list of contacts should you have any questions about MEHKO and Home Occupation Permit requirements.

ENVIRONMENTAL HEALTH BUREAU

Monterey County Health Department

1270 Natividad Road

Salinas, CA 93906

(831) 755-4505

health@co.monterey.ca.us

<https://www.countyofmonterey.gov/government/departments-a-h/health/environmental-health/consumer-health-protection/food/microenterprise-home-kitchen-operations-mehko>

COUNTY CLERK'S OFFICE

Monterey County Government Center Administration Building

168 West Alisal Street, 1st Floor

Salinas, CA 93901

(831) 755-5041

countyclerk@co.monterey.ca.us

<https://www.countyofmonterey.gov/government/departments-a-h/assessor/clerk/fictitious-business-statements>

HOUSING AND COMMUNITY DEVELOPMENT

Monterey County Government Center at Schilling Place

1441 Schilling Place, South Building, 2nd Floor

Salinas, CA 93901

(831) 755-5025

<https://www.countyofmonterey.gov/government/departments-a-h/housing-community-development/permit-center>



We look forward to helping you launch your business!

Contact Our Team

- ✉ info@mcbc.biz
- ☎ (831) 216-3000
- 📍 123 Capitol St, Suite B
Salinas, CA 93901



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