



Folsom City Council Staff Report

MEETING DATE:	9/8/2026
AGENDA SECTION:	New Business
ITEM TITLE:	Presentation on AB 626 Micro-Enterprise Home Kitchen Operations and Direction to Staff
FROM:	Community Development Department

BACKGROUND / ISSUE

Effective January 1, 2019, California Assembly Bill 626 (AB 626) established Microenterprise Home Kitchen Operations (MEHKOs) as a new category of retail food facility. AB 377, enacted later in 2019, amended several provisions governing MEHKOs, including permitting, inspections, delivery, and Internet-based food service intermediaries.

A MEHKO is a small food business operated by a resident from a private home. Unlike a traditional cottage food operation, which generally involves non-potentially hazardous foods, a MEHKO may prepare and sell meals and other foods that would ordinarily be prepared in a commercial food facility. State law establishes specific operational and food-safety requirements while exempting MEHKOs from certain requirements that apply to conventional retail food facilities.

The Legislature gave cities and counties discretion to authorize MEHKOs. A local jurisdiction must adopt an ordinance or resolution establishing a permitting and inspection program before MEHKOs may obtain permits in that jurisdiction. Consequently, AB 626 does not automatically authorize MEHKOs throughout California; each jurisdiction must affirmatively elect to participate.

In Sacramento County, the Sacramento County Environmental Management Department (EMD) is the local environmental health agency responsible for food facility permitting and enforcement. The Sacramento County Board of Supervisors therefore has the authority to determine whether the County will establish a MEHKO program that would apply to all incorporated cities within Sacramento County, including Folsom.

In 2019, shortly after AB 626 became effective, the Folsom City Council received a presentation from Sacramento County Environmental Management Department staff regarding the new legislation and its potential implementation in Sacramento County.

At that time, the City Council considered the potential economic and entrepreneurial benefits of MEHKOs, as well as potential impacts associated with operating food businesses from residential properties. These concerns included increased customer activity, vehicle trips, parking demand, noise, odors, waste, deliveries, and the difficulty of enforcing requirements applicable to businesses operating from private residences.

Following that discussion, the City Council directed staff to recommend that the Sacramento County Board of Supervisors not authorize MEHKOs in Sacramento County. The City's position was consistent with the position taken by all other incorporated cities in Sacramento County at that time. As a result, Sacramento County has not authorized a countywide MEHKO program.

Since the new law went into effect seven years ago, 17 of the 58 counties in California (and two cities with independent health jurisdiction) have adopted MEHKO Ordinances with a variety of results. Sacramento County Board of Supervisors is again seeking input from the incorporated cities regarding whether Sacramento County should authorize MEHKOs. This report provides updated information regarding the State's MEHKO framework, potential land-use implications, permitting and enforcement considerations, and experience from jurisdictions that have implemented MEHKO programs.

ANALYSIS

AB 626 establishes a statewide regulatory framework allowing local jurisdictions to authorize Microenterprise Home Kitchen Operations (MEHKOs). A permitted MEHKO may prepare and sell food directly to consumers from a private residence, subject to State and local food-safety requirements.

MEHKOs are subject to permitting, inspection, food-safety, and operational requirements that distinguish them from conventional restaurants. Among other requirements:

- The operator must obtain a permit from the local environmental health agency and pass an initial inspection.
- The applicant must submit standard operating procedures addressing food types, preparation and handling, sanitation, temperature control, and operating days and hours.
- Food generally must be prepared, cooked, and served on the same day.
- Production is limited to 30 meals per day or 60 meals per week.
- The operator may have no more than one full-time-equivalent employee, in addition to family or household members.
- MEHKOs must comply with applicable food manager certification and food-handler requirements.
- The annual gross-sales limit, originally established at \$50,000, has been increased through subsequent legislation and inflation adjustments. The California Department of Public Health identified the adjusted limit as \$107,121 for 2025.

- Sales are generally limited to direct transactions between the MEHKO and the consumer, with restrictions on third-party delivery services.

MEHKOs are also subject to a modified inspection framework. Following the initial inspection, routine inspections are generally limited, although additional inspections may occur when the enforcement agency has a valid reason to suspect unsafe food, receives a complaint, or identifies another violation. The local enforcement agency may also renew permits and establish fees sufficient to recover reasonable administrative costs.

This framework provides food-safety oversight but differs from the regulatory requirements and inspection practices applicable to conventional restaurants. The distinction is important because food-safety enforcement does not necessarily address neighborhood impacts such as parking, traffic, noise, odors, or compatibility with surrounding residential uses.

Potential Neighborhood Impacts

The City's primary concern is not the preparation of food itself, but the potential for a residential property to function, in part, as a commercial food establishment. Traditional home occupations are generally characterized by limited customer activity and minimal impacts on surrounding properties. A MEHKO, by comparison, may involve the preparation and sale of meals to members of the public, customer pickup, on-site consumption, and delivery by the operator or household members.

Potential neighborhood impacts include:

- Increased vehicle trips associated with customers, employees, and deliveries;
- Additional parking demand on residential streets;
- Customer arrivals and departures during evening or weekend hours;
- Noise associated with customer activity and deliveries;
- Food-related odors;
- Increased solid waste and recycling;
- Increased use of residential utility and waste-management infrastructure; and
- Potential conflicts between commercial activity and the residential character of surrounding neighborhoods.

Although the impacts of an individual MEHKO may be relatively minor, the City must also consider the cumulative effect of multiple operations distributed throughout residential neighborhoods.

AB 626 further allows a MEHKO to provide an on-site consumer eating area within the permitted premises. This could result in a residential property functioning in ways that are more comparable to a small restaurant than a traditional home occupation.

Restrictions on third-party delivery services may reduce some potential impacts, but they do not eliminate customer trips, pickup activity, or deliveries conducted by the operator or household members.

Limitations on Local Regulation

The City's existing home occupation regulations are intended to allow appropriate businesses to operate from residences while preserving the residential character of neighborhoods. MEHKOs present a unique challenge because State law significantly limits the City's ability to apply those traditional land-use controls.

If Sacramento County authorizes a MEHKO program, State law would prevent the City from prohibiting a permitted MEHKO, requiring a zoning permit or rezoning, or imposing zoning-based restrictions on a MEHKO operating within a residential dwelling.

Consequently, the City would have limited ability to use its normal zoning and home occupation regulations to address the neighborhood impacts associated with MEHKOs. Authorization of a County program could therefore create a category of commercial food activity in residential neighborhoods that does not align with the City's existing land-use framework.

Administration and Enforcement

If Sacramento County establishes a MEHKO program, the County Environmental Management Department would administer the food-safety permitting program, including application review, initial inspections, permit issuance, complaint response, and enforcement of applicable food-safety requirements.

AB 626 provides enforcement mechanisms, including inspections based on complaints or other reasonable grounds to suspect violations, permit renewal requirements, and administrative fees. However, these mechanisms are primarily directed toward food safety and do not provide equivalent tools for addressing neighborhood concerns such as parking, traffic, noise, odors, or compatibility with residential uses.

Effective implementation would therefore require adequate County staffing, permitting resources, complaint-response procedures, and coordination with local jurisdictions. The City is concerned that a new County regulatory program may not include sufficient resources to address the broader impacts associated with home-based commercial food operations.

AB 626 also establishes requirements for Internet Food Service Intermediaries (IFSIs), including registration with the California Department of Public Health and disclosure of MEHKO permit information. These requirements provide additional consumer protections and facilitate the reporting of certain food-safety complaints, but they do not address the City's broader land-use concerns.

Experience in Other Jurisdictions

Since AB 626 took effect, several California jurisdictions have authorized MEHKO programs. As of 2026, available statewide tracking identifies approximately 17 counties, as well as the cities of Berkeley and Long Beach, as having authorized programs, although implementation varies by jurisdiction.

Experience elsewhere indicates that MEHKOs can provide a lower-cost entry point into the food-service industry and create opportunities for entrepreneurs who may not otherwise have the

resources to establish a conventional restaurant. At the same time, jurisdictions have reported varying administrative, permitting, and code-enforcement considerations.

For example, Contra Costa County's evaluation of its MEHKO pilot reported 34 operators seeking renewal in 2026 and two food-safety complaints during the pilot period, with no reported foodborne illness complaints. The County nevertheless identified code-enforcement issues, including investigations involving unpermitted food operations.

These experiences indicate that MEHKOs can operate with food-safety safeguards, while also demonstrating the importance of adequate administrative and enforcement resources.

Conclusion

Staff recognize the economic-development benefits of MEHKOs. The model can reduce the cost and regulatory barriers associated with entering the food-service industry, allow entrepreneurs to test business concepts before making the substantially greater investment required for a commercial restaurant, and expand access to culturally diverse foods.

However, the City must balance these benefits against its responsibility to preserve the character and livability of residential neighborhoods. In staff's assessment, the economic-development benefits of MEHKOs do not outweigh the potential neighborhood impacts and the administrative and enforcement challenges associated with a program over which the City would have limited land-use control.

Of particular concern is the State's limitation on local zoning authority. If Sacramento County authorizes MEHKOs, the City would have limited ability to apply its existing home occupation and zoning standards to address traffic, parking, noise, odors, and other neighborhood impacts.

AB 626 establishes a statewide food-safety framework with permitting, inspection, and complaint-response requirements, but it also creates a regulatory structure that differs from conventional commercial food facilities and significantly limits local regulation of permitted MEHKOs.

Sacramento County has not adopted a MEHKO program. Given the potential for increased commercial activity in residential neighborhoods, the limitations on local land-use regulation, and the additional administrative and enforcement challenges associated with the program, staff recommends that the City maintain its existing position and not support authorization of a County MEHKO program at this time.

RECOMMENDATION

Staff recommend that City Council reaffirm its opposition to Assembly Bill 626, which authorizes Microenterprise Home Kitchen Operations within residential neighborhoods and recommend to Sacramento County Board of Supervisors that they continue to "opt out" of MEHKO program established by AB626.

ATTACHMENT

Sacramento County MEHKOs Frequently Asked Question

Submitted,

A handwritten signature in blue ink, appearing to read "Pam Johns", with a long horizontal flourish extending to the right.

Pam Johns, Community Development Director

ATTACHMENT 1

Sacramento County MEHKOs Frequently Asked Question

Microenterprise Home Kitchen Operations (MEHKOs) Frequently Asked Questions (FAQs)

Background:

The California Health and Safety Code (i.e. California Retail Food Code) was recently amended to establish a “microenterprise home kitchen operation” as a new type of retail food facility. A MEHKO, if authorized by the local governing body of an enforcement agency (i.e. local environmental health jurisdiction) would allow the enforcement agency to issue a permit to an individual to operate a restaurant in their private home.

Permitting:

Q: What is a Microenterprise Home Kitchen Operation?

A: It is a type of food service operated by a resident from a private home where food is prepared, cooked and served to consumers on the same day. Food is to be consumed onsite, picked up or be delivered to the consumer within a safe time period (i.e. within 30 minutes without hot-holding equipment).

Q: When does the MEHKO law go into effect?

A: While the law became effective January 1, 2019, unless a local governing body such as a County authorizes this type of food facility, a permit will not be able to be issued by the local environmental health jurisdiction.

Q: Do I need a permit to operate a MEHKO?

A: Yes, a permit shall be obtained from the local environmental health jurisdiction prior to operating a MEHKO.

Q: How do I obtain a permit?

A: To obtain a permit, submit a permit application, Standard Operational Procedures (SOP) and payment to the environmental health jurisdiction where the MEHKO is located. The submitted packet will be reviewed and an inspection of the MEHKO will be scheduled. If approved, a permit will be issued. Fees will vary depending on the local ordinance and fee schedule.

Q: How long does the application process take for a MEHKO?

A: The application process is determined by the level of detail and completeness of the application package. The standard application process for MEHKOs is up to 20 calendar days if the application package is complete and the level of detail in the operational procedures is included to demonstrate compliance with the law.

Q: I have a MEHKO permit for my current residence and will be moving. Is my permit still valid for my new residence?

A: No, permits are not transferable to other people or other locations. Permits that are issued by the environmental health jurisdiction are only valid for the person, location and type of food service initially approved. If the food permittee moves, changes their menu or type of food

service, a new permit application will need to be submitted for approval by the local environmental health jurisdiction.

Q: Can multiple MEHKO permits be issued for two residents?

A: Only one MEHKO may operate from a private residence. Permits are specific for the person, location and type of food service to be offered.

Q: What information is required in a MEHKO's standard operating procedures?

A: A MEHKO's standard operating procedures shall include:

- All food types or products (e.g. menu items) that will be handled.
- The proposed procedures and methods of food preparation and handling.
- Procedures, methods, and schedules for cleaning utensils, equipment, and for the disposal of refuse.
- How food will be maintained at the required holding temperatures, pending pickup by the consumer and during delivery.
- Proposed days and times when the home kitchen may potentially be utilized as a MEHKO.
- Will the food be served on site, delivered, picked up or all of the above.

Q: Can a permitted Cottage Food Operator (CFO) also operate as a MEHKO?

A: No, a CFO is restricted to non-potentially hazardous foods and cannot serve food from a private home.

Q: What is the difference between a Cottage Food Operation (CFO) and a Microenterprise Home Kitchen Operation (MEHKO)?

A: A CFO is restricted to preparing and selling only non-potentially hazardous foods that have been approved by the California Department of Public Health which may be sold directly or indirectly to the consumer whereas a MEHKO allows for the limited preparation of potentially hazardous foods for onsite consumption or delivery when permitted by the local environmental health jurisdiction.

Q: Who is the "local enforcement agency" for MEHKOs?

A: The local enforcement agency for food facilities, including MEHKOs, in Sacramento County is the Environmental Management Department.

Q: How often will a MEHKO be inspected by the local environmental health jurisdiction?

A: After the initial permitting inspection, a MEHKO may be subject to one routine inspection per fiscal year. Additional inspections may be conducted in response to a consumer complaint, or reason to suspect that adulterated or otherwise unsafe food has been produced or served.

Q: What areas of the MEHKO will be permitted and inspected?

A: The areas of a MEHKO that will be permitted and inspected include the home kitchen, onsite consumer eating area, food storage, utensils and equipment, toilet room, cleaning facilities, and refuse storage area (this includes garbage, recycling and composting areas).

Q: What happens if a customer complains after eating at or purchasing food and beverages from a MEHKO?

A: The Environmental Health Specialist may conduct an onsite inspection to investigate the alleged complaint. Fees may be assessed by the local environmental health jurisdiction for the investigation.

Q: What information is available to assist a MEHKO to operate in a safe and healthy way?

A: The local environmental health jurisdiction is a great resource to obtain information.

Q: Is a letter grade/placard required to be posted at a MEHKO like it is at a permanent food facility or a mobile food facility?

A: The law exempts a MEHKO from any local grading system. Inspection report data and violation information relating to any inspections conducted at a permitted MEHKO can be found at <https://inspections.myhealthdepartment.com/sacramento>.

Q: How would the public know if a MEHKO has an approved permit?

A: A MEHKO is required to display their permit, or a legible copy, during hours of operation. Customers can also visit <https://inspections.myhealthdepartment.com/sacramento> to determine if a MEHKO has a valid permit.

Operations:

Q: Who is considered a resident?

A: A resident is an individual who lives in a private home (such as a single home, apartment, duplex, or condominium) when not elsewhere for work or temporary basis (i.e. vacation).

Q: Can a MEHKO operate as a Caterer?

A: No, a MEHKO is prohibited from operating a Catering Operation. Only permanent food facilities approved for food preparation (such as a restaurant, banquet facility or other approved commercial kitchen) can conduct catering operations.

Q: Who can I sell my food to?

A: Food must be sold directly to a consumer for onsite consumption or delivery and not to a wholesaler or retailer.

Q: Can a MEHKO sell or give away food products at a temporary event or certified farmer's markets?

A: No, a MEHKO cannot sell food products at a temporary event or certified farmer's market. A MEHKO is limited to selling food directly to a consumer for onsite consumption or delivery.

Q: Can a MEHKO sell to any wholesaler or retailer?

A: No, a MEHKO can only sell food directly to consumers, through an internet Web site, or a mobile application of an Internet food service intermediary (see FAQ further in the document for the definition of an internet food service intermediary).

Q: Can a MEHKO advertise in front of the residence?

A: No, the MEHKO is prohibited from posting signage or other outdoor displays advertising the MEHKO from a residence.

Q: Can a MEHKO advertise online?

A: Yes, a MEHKO can utilize an internet food service intermediary or other online platform that lists or promotes the MEHKO on its internet web site or mobile application.

Q: Can a MEHKO advertise using print media?

A: Yes, a MEHKO can advertise in a newspaper or other print media. The MEHKO must clearly identify the name of the local enforcement agency that issued the permit, the permit number along with the following statement "Made in a Home Kitchen" in a conspicuous font and location within the advertisement.

Q: If there are complaints about odors, traffic, parking, and/or excessive noise, what agency should be notified?

A: Any complaints involving nuisance concerns can be reported directly to the local city's Code Enforcement Department, or for MEHKOs in the unincorporated areas, to the County Code Enforcement Program.

Q: Can a MEHKO utilize a third-party online delivery service, such as Uber Eats or DoorDash to deliver food?

A: MEHKO is not allowed to utilize any third-party delivery service except for an individual who has a physical or mental condition which limits them to access the food without a third-party delivery service.

Food Service:

Q: What type of food service is the MEHKO permitted to do?

A: A MEHKO can prepare and sell foods that have been approved by the local environmental health jurisdiction for same day onsite consumption or delivery.

Q: What are the menu limitations on a MEHKO?

A: A MEHKO business may not prepare food or beverages that:

- Involve the production, service, or sale of raw milk or raw milk products.
- Involve the service or sale of raw oysters.
- Involve food processes that require a Hazard Analysis Critical Control Point Plan (see follow-up question below for more information).

Q: Can a MEHKO make and sell ice cream or other milk products?

A: No. The California Department of Food and Agriculture requires a license and specific requirements for the manufacturing of ice cream or dairy based foods. A residential home will not be able to meet those requirements. This does not prohibit a MEHKO from utilizing dairy products such as pasteurized milk purchased from an approved source as an ingredient in a food product.

Q: Can homegrown fruits and vegetables be used in a MEHKO?

A: Yes, however, care should be taken to ensure all fruit and produce is grown and handled using best management practices associated with a community food producer and all produce must be thoroughly washed prior to use.

Q: Can a MEHKO add cannabis, CBD, or Kava to a food product as part of their operation?

A: No, only approved food additives may be used as an ingredient in food preparation. At this time, cannabis, CBD and Kava have not been approved as a food additive by the Food and Drug Administration.

Q: Can a MEHKO donate food?

A: A MEHKO may donate food to a food bank or to any other charitable nonprofit organization if the food has been handled in compliance with the California Retail Food Code and is donated the same day it is prepared.

Q: Can I keep leftovers to serve the next day?

A: Leftovers can't be served the next day as part of the MEHKO operation.

Q: Can a MEHKO package food or beverages?

A: A MEHKO may portion food into containers for same day pick up or delivery service.

Q: Are commercial equipment and/or appliances required in a MEHKO?

A: No, commercial equipment and/or appliances are not required as long as the equipment/appliances are maintained clean and are in good working order.

Q: Are there any special requirements regarding a private residential water well?

A: Yes, only potable water from a properly constructed and maintained onsite well or municipal water system can be used. Bacteriological tests (quarterly), Nitrates (annually), Nitrites (every 3 years), and constituents of concern such as Fluoride and Arsenic (once) may be required by the local enforcement agency.

Q: Can a MEHKO operate an open-air barbecue or an outdoor wood-burning oven?

A: Yes, a MEHKO may operate an open-air barbecue or an outdoor wood-burning oven as long as the barbecue or oven is operated on the same premises as a MEHKO, is separated from public access, and meets the requirements of California Retail Food Code Section 114143.

Q: Are restrooms required to be available for MEHKO customers?

A: Yes, clean toilet facilities, in good condition, shall always be available for employees and for consumers when there is onsite consumption.

Q: Can alcoholic beverages be served or sold from a MEHKO?

A: Contact Department of Alcohol Beverage at <https://www.abc.ca.gov/>.

Employees and Record Keeping:

Q: What is the definition of a food employee?

A: A food employee is an employee who works with food, food equipment or utensils, or food contact surfaces.

Q: Are family or household members considered food employees?

A: No, family members and household members are not considered food employees of a MEHKO but are still subject to food safety rules.

Q: What are the limitations for a MEHKO to hire food employees?

A: A MEHKO may have no more than one (1) full time equivalent food employee.

Q: What food safety certificates are required to operate a MEHKO?

A: The operator of the MEHKO shall successfully pass an approved and accredited food safety examination by the American National Standards Institute as meeting the requirements of the Conference for Food Protection's Standards for Accreditation of Food Protection Manager Certification Programs and any individual, other than the operator, who is involved with the preparation, storage, or service of food in a MEHKO shall obtain an approved food handler card. A food employee that has a valid food safety manager certificate is not required to obtain a food handler card.

Q: What are the sales limitations of a MEHKO?

A: The MEHKO shall have no more than \$100,000 in verifiable (ex. invoices) gross annual sales. Records of all sales must be kept so that compliance with this limitation can be verified.

Q: What records are required to be maintained for review by the local environmental health jurisdiction?

A: The MEHKO shall maintain the following documents onsite for review during an inspection:

- Written standard operating procedures that include a menu, and hours of operation.
- The permit to operate, or an accurate copy, shall be always displayed onsite when the MEHKO is in operation.
- Valid certificate of the food safety manager certification for the operator and a valid food handler card(s) or food safety manager certification for any food employees.

- A copy of the valid driver's license of a person delivering food on behalf of the MEHKO.
- A copy of the most recent inspection report.
- Copies of the MEHKO financial records as it relates to the gross annual sales.

Q: What if I want to change my menu after I have obtained a permit as a MEHKO?

A: If the proposed menu change requires new equipment or additional food storage capacity, an updated SOP may be required by the local enforcement agency. Contact the local enforcement agency to determine what may be required before changing the menu.

If you have any questions that have not been answered in these FAQs, or if additional clarification is needed, please email EMD at MEHKO@saccounty.gov or call us at 916-875-8440.