

Starting a food business in minnesota flashcard



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Starting a Food Business in Minnesota 2008 This publication is produced by the Minnesota Department of Agriculture. For additional copies of this publication write to us at: Dairy and Food Inspection, 625 Robert St. N, St. Paul, MN 55155-2538, or call us at: 651-201-6027, or visit our website at: www.mda.state.mn.us In accordance with the Americans with Disabilities Act, an alternative form of communication is available upon request. TDD: 1-800-627-3529. The Minnesota Department of Agriculture is an equal opportunity employer. Acronym Key:

DEED = Minnesota Department of Employment and Economic Development
 DOLI = Minnesota Department of Labor and Industry
 DPS = Minnesota Department of Public Safety
 DPSV = Minnesota Department of Public Service
 FDA = U. S. Food and Drug Administration
 IRS = Internal Revenue Service
 MDA = Minnesota Department of Agriculture
 MDH = Minnesota Department of Health
 MNDOR = Minnesota Department of Revenue
 MNDOT = Minnesota Department of Transportation
 MNSOS = Minnesota Secretary of State
 MPCA = Minnesota Pollution Control Agency
 SBA = Small Business Administration

Check Out this Really Great Business Reference:

A Guide to Starting a Business in Minnesota, available FREE of cost from the Minnesota Small Business Assistance Office. Visit www.deed.state.mn.us/bizdev/start.html and click on A Guide to Starting a Business in Minnesota. Table of Contents Chapter 1. Preliminary Considerations Why do you want to start a food business? 6 Preliminary considerations checklist 7 Before you start a food business checklist 8 Business plan 10 Summary for

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Preface Congratulations! After serious consideration, you have decided to start a food business in Minnesota. Starting your new business will be an exciting adventure as well as a challenge. To assist you with the many steps involved, this publication is designed to help those who are interested in starting a food service establishment, retail food business or a food manufacturing business in Minnesota.

The publication's goal is to help new food business owners and employees understand the many regulatory requirements applicable to their business

and produce and distribute safe, quality products to their customers. To achieve its goal, this publication identifies the various state agencies and units of local government responsible for regulation; provides helpful checklists focusing on regulations, skills assessment and “how to write a business plan”; and addresses specific license and permit requirements, inspections, local regulation, tax considerations and issues for employers.

Each section of this booklet is designed to meet two objectives. The first objective is to serve as a reference to the many regulations that must be followed for a food business. The second objective is to serve as a quick and convenient checklist for planning your new business. Most food-related businesses will require initial and continuing contact with several agencies and units of government. Contacting these entities in the early stages of planning your business is required prior to commencement of any construction.

This will familiarize you with the requirements, cost, and timetables associated with starting a new food business in Minnesota. In addition, it is important that you understand the specific requirements and regulations mandated by the state and local agencies. Failing to comply with them can result in penalties, revocation of licenses, or even closure of your business. Lastly, it is important for you to understand that this publication should not be used as a substitute for detailed reference to state laws and regulations, or as a substitute for competent legal advice.

Legislative action and changes in administrative rules may change their requirements from time to time; therefore, you should contact the

appropriate regulatory agency for the most up-to-date information. As with the start-up of any business, consultation with legal and accounting professionals is strongly recommended. Starting a Food Business in Minnesota has been created by the Minnesota Department of Agriculture with assistance from the Minnesota Department of Health. 5. Chapter 1. Preliminary Considerations Starting a food business is a new and exciting venture. It can also be a risky one.

It is a good idea to thoroughly consider everything you will need to successfully run a food business. Through helpful checklists and a business plan outline, this section describes several important considerations that you should make before starting your food business. Completing these checklists and developing a business plan will help you realize what you may have left to learn and where you can go for assistance before starting your food business in Minnesota. Why do you want to start a food business? Before you start your own food business, you should ask yourself “ why? The following are designed to help you think about what it takes to start your own food business. Read each question carefully. If your answer is “ yes,” place a check by it. If you are unable to check many questions, you may need to make new plans, seek professional advice, or even reconsider your decision to start a food business. 6. Preliminary Considerations A Checklist Are You Prepared? T T T T T Have you ever worked for a food business similar to the one you would like to start? Do you have any managerial experience? Have you had any business training in high school, college, or at a previous job?

Do you know your vision/purpose and why you want this business? Are you willing to work long hours without knowing how much money you will earn?

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Do You Have Enough Money? T T T T T T Do you know how much money you will need to get your food business started? Have you talked to a banker about your plans? Do you know how much of your own money you can put into your business? Do you know where you can borrow the rest of the money you will need? Do you know how much credit you can get from your suppliers? Add your anticipated salary and profits from your business together and subtract your business expenses.

Are you willing to live on less than this amount in order to help your business grow? Do You Need a Partner? T Do you know both the good and bad points about having your own food business, having a partner, and incorporating your business? T If necessary, do you have a partner in mind who could bring money and experience to your business? T Will you be able to trust and get along with a partner? T Have you talked to a lawyer about having a partner?

Do You Know Your Customers and Competitors T T T T T T Do most businesses in your community appear to be successful? Do you know why?

Do you know if food businesses like yours are doing well in your community and the rest of the state/country? Is your product(s) currently available within the community? Do you know who your clientele are that will want to patronize your business? What differentiates your product (or service) from those already available? Does your community need a food business like yours? If not, have you thought about opening a different kind of business or starting it in another location? After Completing Your Checklist If you did not check " yes" to all of the above questions, you may have additional considerations and research to do.

Go back to the checklist and make a note of each question you did not check. After you have written this list, develop and write down the goals that will assist you in completing the entire checklist. If you left the majority of the questions blank, you may want to seek professional advice or even reconsider your decision to start a food business. If you did check "yes" to all of the questions, you should be ready to start planning for the future of your food business. To assist you with this enormous task, here is another helpful checklist to guide you through a second set of important steps in a starting a food business. . Before You Start A Food Business A Checklist The Building T T T T T T Have you found a good building for your food business? Will you have enough room for expansion? Can you afford to alter the space to your specifications? Is the building in a good location? Is the building accessible? (Handicap, parking lot, bus stop) Have you had a lawyer check the lease and zoning? Equipment and Supplies T Do you know what equipment and supplies you will need? T How much will the equipment and supplies cost? T Can you save some money by buying secondhand equipment in the proper condition? The Merchandise T T

T T T T What product(s) and/or service(s) do you plan to sell? Do you know how much or how many you plan to sell? Do you know how much or how many you will buy when opening your business? Have you found fair suppliers who will sell you what you need at a reasonable price? Have you compared prices and credit terms of various suppliers? Have customers demonstrated a desire for this product? Your Records T Have you created a system of records to keep track of your income and expenses? T Have you developed a plan to keep track of your inventory so that you will always have

enough on hand for your T T T T ustomers, but not more that you can sell? Have you developed a method to keep payroll records and take care of tax reports and payments? Do you know all of the various ? nancial statements you will need to prepare throughout the year? Do you know a good accountant who will help you with your records and ? nancial statements? Do you have a recall plan if something goes wrong with your product? Food Business Licenses and Laws T T T T T Do you know which licenses and permits you will need? Do you know the various business laws that you will have to obey? Do you know a good lawyer that you can use to help with legal matters?

Have you checked with the state about registering your business name with the state? Have you obtained workers compensation insurance? Protecting Your Business T Have you made plans for protecting your store/business against theft of all kinds (i. e. shoplifting, robbery, burglary, and employee stealing?) T Have you talked with an insurance agent to discuss the type(s) of insurance your business will need? T Do you have a “ Food Security” plan? Advertising T Have you decided how you will advertise (radio, newspapers, posters, TV, the internet)? T Do you know where to get help for your ads?

T Do you know what advertising tactics other food businesses in your area use to get people to patronize them? 8. Buying A Previously Owned Building T T T T T T Have you made a list of your likes and dislikes about buying a building? Do you know the actual reason why the owner is selling the building? Has the building recently been inspected and approved by a regulatory agency? Have you compared the cost of buying versus building a new building? Will the owner of the building transfer the lease to you? Have <https://assignbuster.com/starting-a-food-business-in-minnesota-flashcard/>

you talked with other business owners in the area to see what they think of the food business you would like to start?

Have you consulted a lawyer? Buying T T T T Do you have a method for finding out what your customers want? Will your inventory plan have a built-in system to tell you when it is time to reorder supplies? Do you plan to buy most of your inventory from those that will want to help you succeed? Do you plan to participate in the WIC or Food Stamp program? Selling T T T T T T Do you have a marketing plan? Do you know how to establish the price for each item you sell? Do you know how much your competitors charge for their products and services? Have you decided whether you will have sales clerks or provide self-service?

Do you know how to get customers to buy? Have you thought about the qualities necessary for a good sales clerk? Employees T T T T Do you know where to look for hired help? Do you know the salary requirements for your employee(s)? Do you know what kind of employee(s) your business will need? Do you have a plan for training your employees? Credit For Your Customers T Can your customers buy on credit? T Do you know the good and bad points about joining a credit-card plan? Other Important Questions T T T T Have you determined whether or not you could make more money working for someone else?

Does your family support your decision to start a new food business? Do you know where to find the resources for new ideas and products? Have you sought assistance with your plans from the nearest Small Business Administration Office? After Completing Your Checklist Once again, if you did

not check “ yes” to all the questions above, you may need to consider doing more research. It’s a good idea to go back to the checklist and identify those areas that you were not able to check. After you have written this list, develop and write down goals that you can accomplish to help you complete the entire checklist.

Remember, starting a business involves taking risks; therefore, you’ve got to identify your needs and then go after them. Don’t be afraid to ask for assistance from others who can help accomplish your goals.

9. Business Plan Purpose

One of the first and most important steps in any business is the development of a business plan. A business plan describes the product or service offered by the business, defines customers, and describes financing needs. A well-prepared business plan serves several purposes:

1. Helps determine the feasibility of starting the business.
2. Indicates the expected financial results.
3. Depicts the financial potential and its capital needs.
4. Serves as a management tool and guide for charting goals, future directions, and monitoring growth. It is the “ blueprint” to keep on the right track.
5. Serves as a sales tool for raising capital from bankers or outside investors. It provides details on how the desired investment or loan will further the business’s goals.
6. Provides the lender with detailed information on all aspects of the company’s future projections.

The “ Outline for Writing a Business Plan” has been provided courtesy of the University of St.

Thomas’ Small Business Development Center.

10. Outline for Writing a Business Plan

The following outline covers the most important points for a business plan. You may start with any section; however, it is advisable to complete one section before moving on to the next. Make sure that you

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address each section thoroughly, keeping in mind its recommended length.

The length of a typical business plan should be between 25-35 pages to

ensure that it is concise. I. Executive Summary (2-3 pages) a. Vision

Statement b. Description of your business concept and food business c. The opportunity and strategy i.

The target market and projections ii. The competitive advantage iii. The

Economics, profitability, and market potential iv. The team II. Table of

Contents (as needed; avoid excessive detail) III. The Industry, the Company, and its Product/service (3-5 pages) a. The industry b. The food

company/business c. The products and services d. Entry and growth strategy

IV. Market Research and Analysis a. Market Analysis (3-5 pages) i. Target

market and its characteristics ii. Market share, trends, and growth potential

iii. Projected market share b. Competitive Analysis(2-3 pages) i. Competitor's profiles ii.

Product/service comparison iii. Projected market share iv. Competitive

advantage v. Comparison of strengths and weaknesses V. Marketing Plan a.

Goals and objectives b. Marketing strategy c. Marketing tactics i. Pricing ii.

Advertising and promotions iii. Sales and distribution channels iv. Service d.

Evaluation VI. Design and Development (1-2 pages) a. Development status

and tasks b. Difficulties and risks c. Product improvement and new products

d. Costs e. Proprietary issues f. Evaluation VII. Manufacturing and Operations

Plan (3-5 pages) a. Location b. Facilities and equipment c. Manufacturing

process and durability . Labor considerations e. Environmental and economic

impact VIII. Management Team (2-3 pages) a. Organization b. Key

management personnel c. Ownership distribution and compensation d. Other

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investors e. Employment and other agreements f. Stock options g. Board of directors h. Other shareholder, rights and restrictions i. Professional advisors

IX. Overall Schedule (for implementation) (1-2 pages) X. Critical Risks and Assumptions (1-2 pages) a. Summary of major problems to overcome b. Inevitable risks and problems c. Potential risks and problems d. Worst Case Scenarios XI. The Financial Plan (as needed) . Actual historical income statements and balance sheets b. Pro forma income statements i. Gross margins ii. Fixed and variable costs iii. Estimated amount of time needed to get to break even cash flow c. Pro forma balance sheets d. Pro forma cash flow analysis e. Break-even analysis f. Cost control g. Highlights XII. Request for Financing a. How much and what kind of money do you need? i. Start-up expenses ii. Working capital to break-even iii. Personal living expenses b. When do you need the money? c. What will you do with the money? d. The structure of financing e. Capitalization of the company 1. XIII. Appendixes (not mandatory, but recommended) a. Letters of intent (from potential customers) b. Results of research c. Management's resumes d. Professional references e. Pictures of product, service, building, etc. f. Market studies, articles from trade journals In addition to the Outline for Writing a Business Plan, information and assistance in preparing a business plan may be obtained free of charge from a variety of sources, including publications available from your local library, government or private small business assistance offices, the internet and business consultants.

An example of one such publication is the book, *A Guide to Starting a Small Business in Minnesota*. For further questions regarding this publication, contact the Minnesota Small Business Assistance Office (see directory)

Professional Assistance Before you start your new venture, it is a good ideal to seek some professional assistance. Here is a list of various professionals who can help you get started on the right track:

Accountant: Identifies appropriate business forms, equipment, operating budgets, tax planning, and bookkeeping system; assists you with the filing of the necessary government forms to start a business.

Attorney: Selects the type of business (i. e. sole proprietor, partnership, corporation), proper filing of local documents, interprets your rights and obligations as a businessperson.

Banker: Gives financial expertise and services, and assists in opening a business bank account.

Insurance Agent/Broker: Evaluates insurance needs to set up a program for business protection, such as general, fire, liability coverage, and worker's compensation.

Business Planner: Advises on starting a food business and guides businesses on the rules and regulations; assists in developing and completing a formal business plan.

12. Summary for Starting a Food Business A Checklist

Using the previous checklists, assess your personal skills for self-employment and commitment to the business you are starting.

1. Critique your proposed business idea by evaluating your competitors for comparisons of profitability, start-up costs, etc. Obtain a copy of state rules, regulations and agencies. Research your market, its potential, and your competition by using local resources and business advisors. Consult an attorney and determine the appropriate business structure:

- Sole Proprietorship
- Corporation
- Partnership
- Limited Liability Company (LLC)

2. Check local zoning requirements or restrictions before acquiring or remodeling property.

3. Write a detailed business plan

4. Learn about business and sales tax workshops, which are often held free of charge. Call the Minnesota Department of Revenue's (MNDOR) sales tax information.

T Secure proper business licenses and permits as necessary by checking with the Minnesota Department of Agriculture (MDA), the Minnesota Department of Health (MDH), and county and local authorities. T Investigate and choose your best financing options (i. e. banks, venture capital, community grants). For assistance, contact the Department of Employment and Economic Development (DEED). T T T Establish a business bank account Select a business name and register a Certificate of Assumed Name if necessary. Call the Secretary of State for preliminary approval and more information. Contact the Internal Revenue Service (IRS) for a free Tax Guide for Small Business (Publication #334). Call and ask for a business Tax Kit (choose either partnership, corporation, or sole proprietorship) and Tax Tips, a newsletter for new businesses.

Obtain needed facilities (i. e. land, building, equipment) that will comply with state and local regulations. If you will be hiring employees, take the following steps:

- Register for a Federal Identification Number by completing Form SS-4.
- Call the Internal Revenue Service (IRS)
- Obtain a Minnesota Taxpayer Identification Number by calling the Minnesota Department of Revenue and completing form ABR.
- Get Worker's Compensation Insurance by contacting your business insurance company. For assistance contact the Minnesota Department of Economic Security.

Obtain an Unemployment Insurance Account Number by contacting the Minnesota Department of Economic Security; request a copy of Unemployment Insurance Information for Employers. T Develop logo and graphic identity for business cards, advertisement and other promotional materials that will match your intended image. T T T T Obtain adequate residential or commercial insurance

coverage for the business. Establish and accurate and reliable accounting system. Select business advisors. Join and be actively involved in professional, business and trade community organizations that complement your business (i. . Chamber of Commerce, local Rotary Club). 13. Code Compliance ZONING Source: MN Stat. Ch. 462 Every food service establishment or retail food business in Minnesota must comply with its local zoning ordinances and the state and local building, ? re, electrical, food, and licensing codes. Therefore, it is crucial that you contact the local authorities in which your business or establishment will be located before you begin to actively plan for its future. The local authorities will discuss with you the codes in which your business or establishment must comply.

It is very important to comply with the codes because failure to do so will subject your food business to severe penalties such as paying costly ? nes or revocation of licenses. Here is a listing of the codes that are discussed in this section: • Zoning • Plumbing Code • Building Code • Plan Review • Fire Code • Local Licensing • Electrical • Well Code Zoning ordinances must be strictly followed by every food business in Minnesota. Zoning ordinances determine whether or not your particular business activities may be carried out at its chosen geographic location.

For example, many zoning ordinances prohibit commercial establishments in residential areas. If you are planning to open a food business in a residential area with this type of ordinance, you may be prevented from doing so by the local zoning ordinance. Not complying with local and state zoning ordinances could result in severe penalties. In addition, if you are planning to build or remodel your facility, a copy of your zoning permit needs to be reviewed by <https://assignbuster.com/starting-a-food-business-in-minnesota-flashcard/>

state and local agencies (along with blueprints) prior to construction. One of the first steps in starting your new business should be contacting the zoning office of the city or county in which your food business will be located for information on zoning requirements. BUILDING CODE Source: MN Stat. Ch 16B The building in which your food business will be located must comply with the State Building Code. The building code governs the construction, reconstruction, alteration, and repair of buildings and other structures for which the code is applicable. The code also provides basic and uniform performance standards; establishes reasonable safeguards for health, safety, welfare, comfort, and security; and provides guidelines for the use of modern methods, devices, materials, and techniques.

Some communities in Minnesota do not have building inspection programs; however, all Minnesota food businesses and establishments are required by statute to comply with the State Building Code and related local regulations for the safety of both their patrons and employees. Contact the building official in the city or county in which your facility will be located to obtain information on the building codes and local ordinances which govern your type of food business and apply for the necessary building permits. FIRE CODE The building in which your food business will be located must comply with the State Fire Code and related local ordinances.

Inspection of the facility by local and state fire inspectors is required. Your business will continue to be inspected on a regular basis to ensure the safety of your building, employees, and patrons. Failure to comply with the fire code may result in a recommendation by the fire inspectors to have your building repaired, altered, or even demolished in accordance with the

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directions contained in their orders. Contact your local and state ? re inspector for information on ? re code compliance and inspection for your food business. 14. PLUMBING PLAN

The plumbing plan of every food business in Minnesota must comply with the State Plumbing Code. If you are planning to build a new food facility, you must have your plumbing plan's blueprints approved by the Minnesota Department of Labor and Industry (DOLI) at least 30 days prior to beginning construction of the facility. If you plan to use an existing building, the existing plumbing and any plumbing changes must also comply with the State Plumbing Code and be approved by the DOLI at least 30 days prior to opening a food business. Because each business or establishment must follow its own speci? requirements, it is a good idea to contact either the DOLI or your city/county clerk as soon as possible to discuss the codes and other regulations that pertain to your business. Some municipalities have established a formal agreement with the DOLI to conduct their own individual plumbing plan reviews. All plumbing installation must be made by a licensed plumber. Contact the Minnesota Department of Labor and Industry's Plumbing Unit for information about plumbing plan requirements and for a current list of cities that have a formal agreement to conduct their own individual plumbing plan reviews. 15.

Plan Review Retail Food and Food Service Contact simultaneously for submission to MDA: Local Zoning O? ce; Local/Cty Building O? cial/Permits/Ordinances; Local State Fire Inspectors; Local/Cty Health for plan review process needs; MN Dept. of Labor and Industry Plumbing Unit. Begin submission process; Submit Plan Review Packet a minimum of 30 days prior <https://assignbuster.com/starting-a-food-business-in-minnesota-flashcard/>

to commencement of project. ^ ^ Contact Regulatory Agency Request Plan Review Application Package ^ Plan Submission Food and Beverage (restaurants, deli's, etc.) ^ Retail (in-store deli's in grocery, retail meat, retail bakery, convenience stores)

Health Department (State or Local) ^ Minnesota Dept. of Agriculture or Local Health Review by Designated Agency (at least 30 days prior to start of project) ^ ^ Approved Disapproved ^ Rework Plans ^ Resubmit Plan for Proposal ^ ^ Proceed with Construction Approved ^ Contact Plan Review Officer/Food Inspector/ Pre-operational/Final Inspection/Obtain License to Operate 14 Days Prior to Operation 16. ^ Proceed Plan Review After you have made the decision to start a new food business, one of your top priorities should be to create and submit a plan to review, to the state or local authorities.

To assist with this important task, an outline has been developed. Following this outline will save you time, money, possible frustration, and most importantly, will reduce the potential for foodborne illnesses due to poor facility design. The plan review process requires the submission of plans and specifications for approval by the Minnesota Department of Agriculture (MDA), Minnesota Department of Health (MDH), and local licensing authorities before starting construction or major remodeling* of a food establishment, or the conversion of an existing building to a food establishment.

Failure to submit your plans for review before the given deadline may subject your food business to delay of licensure, delay of operation, or

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additional remodeling cost. *Major remodeling means an addition to the physical facility or adding major equipment, either of which may also involve changes to the plumbing system. Major remodeling does not include redecoration, cosmetic refurbishing; altering seating design or reducing seating capacity.

OUTLINE A. Submission of Plans and Specifications a.

Contact the MDA or MDH, and your local authorities for instructions, the application form and fee for the plan review. . Submit the following information to the MDA, MDH and your local licensing authorities at least 30 days prior to the start of construction;

- i. An architectural blueprint of the facility, drawn to-scale, which includes the location for all areas within the food establishment (kitchen, storage, warewashing, dining, retail sales, rest room, garbage area).
- ii. Location of equipment within the food establishment.
- iii. Manufacturer and model numbers of equipment.
- iv. Room interior finishes for ceilings, floors and walls.
- v. A copy of menu or a written description of foods prepared and sold and a HACCP plan is required in M. R. 4626.
- vi. Plan review application.
- vii. Plan review fee.

> Other information may be required by the regulatory authorities. They will review the plans and specifications to determine whether your food business meets the state or local regulations. > A letter from the regulatory authority with comments on your blueprints stating required changes or additions will be given to the person submitting the plan. > Once the plans and specifications are approved by the regulating authorities, the construction or remodeling of your business can begin. State law prohibits any deviation from the approved plans unless prior approval is given by the licensing authorities.

B. Construction and Opening a. Contact the MDA or MDH if you have any questions during construction, or to schedule a construction inspection to

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assure you are meeting compliance. b. A pre-opening inspection is required before a license will be issued. Contact the licensing authority of either the MDA or MDH to schedule an inspection once construction is complete. 7. REMODELING If you are planning to remodel any part of your food business, it is important to contact the MDA's Dairy and Food Inspection Division and/or the MDH, and the local authorities before you begin the physical reconstruction of the building. According to Minnesota Rule, a building's prepared plan must be submitted to the MDA for review and approval of construction or major remodeling of a retail food store, or when an existing structure is converted for use as a retail food store. Submission of plans 30 days prior to construction is recommended.

Failure to comply with these regulations will delay construction and/or the opening of your business. In addition, your company may receive a penalty or be required to have additional remodeling completed before opening. If you are remodeling an existing licensed facility, contact your city, county, and state regulatory agencies for the remodeling procedures and requirements for your food business. WATER SUPPLIES & SEWAGE DISPOSAL

By law, every food business must have a safe water supply that has been obtained from a municipal source or an approved private well. • • •

Wells must be constructed in compliance with the Minnesota Well Code. Surface water supplies (i. e. rivers or lakes) must have extensive treatment systems acceptable to the MDH and/or MDA. Septic systems may be used but must be designed, constructed, and operated in accordance with the Minnesota Pollution Control Agency (MPCA) Rule 7080. The MDH reviews septic system plans, well plans and speci? cations as part of the required <https://assignbuster.com/starting-a-food-business-in-minnesota-flashcard/>

plan review process. If your anticipated water source is a private well, the water must meet water quality standards and the well must be constructed and located in compliance with the current well code.

If the water source is a private well, it is imperative that the well and the water be evaluated prior to the start of any construction. If the well location, construction and water quality does not pass then a license cannot be issued. LOCAL LICENSING In addition to state licensing requirements, some cities and counties require certain kinds of businesses to be licensed for zoning or conditional use permits. In some cases, local licensing may take the form of a general business license involving no more than registration and fee payment. In other cases, it may involve compliance with local ordinances specific to a particular type of business such as a mobile food unit or a bed and breakfast establishment. Larger cities like Minneapolis, St. Paul, and Duluth have separate licensing departments. Smaller cities usually rely on the city clerk to direct licensing activities. The county auditor generally directs the licensing of business activity outside city limits; therefore, it is crucial to call one or both of these departments early in your business planning to help avoid any possible confusion and delay. As mentioned earlier the cities of St.

Paul, Minneapolis, and Duluth each have their own licensing departments. Each city has its own publication listing the various licenses and permits required of its businesses. If your future food business will be located within one of these cities, contact them for further information about obtaining your free publication. Publication: Minneapolis City Licenses, Department of Licensing and Consumer Services 612-673-2080 Publication: St. Paul City <https://assignbuster.com/starting-a-food-business-in-minnesota-flashcard/>

Licenses, License and Permit Division, 651-266-9090 Publication: Duluth City Licenses, City Clerk's Office, 218-730-5500 18. MINNESOTA FOOD CODE

The MDA and MDH worked together to revise food regulations and to develop uniform sanitation and food safety standards. This joint endeavor combined rules and regulations for food and beverage service establishments, retail food establishments, bakeries and vending establishments into one uniform regulation. The new code included provisions addressing issues of employee and management knowledge and responsibilities and implementation of Hazard Analysis Critical Control Point (HACCP) principles for certain food processes or operations. Processes or operations that require HACCP include:

1. Smoking or curing food, except for smoking done for the purpose of imparting flavor only, and not as a part of the cooking process. Using food additives or adding components, including vinegar, as a method to preserve food (rather than to enhance its flavor) or change food into a non-potentially hazardous food. Using a reduce oxygen method of packaging food. The following items also require a variance based on a HACCP Plan:
 - a. use more than one tagged shellstock container at a time.
 - b. deviate from required cooking times and temperatures for raw animal foods.
 - c. Use of molluscan shellfish life support system display tanks to store and display shellfish that are offered for sale.

The regulation is based on the Food and Drug Administrations' 1995 Food Code, plus Minnesota amendments. The food code is found in Minnesota Rules Chapter 4626. You can download the food code at www.mda.state.mn.us or order a copy from the Minnesota Book Store at 651-297-3000 (local) 1-800-657-3757 (outstate) 1-800-657-3706 (TTY). FOOD MANAGER CERTIFICATION A Certified Food Manager (CFM) is

required in most Minnesota food establishments since July 1, 2000. The MDA and MDH will administer food manager certification. A person who applies to become a Certified Food Manager must have proof of successful completion of a food manager course and of passing a food manager certification exam. The applicant may take any course that covers food preparation and handling, sanitation and the prevention of foodborne illness, but only certain food manager certification exams will be accepted. After having met the required qualifications, a person seeking to become a state certified food manager must apply to the MDH using an application form available from the MDA or MDH, and most course providers. Important

Reminders About Code Compliance > Contact your local zoning office for information about zoning requirements. > Contact your local or county building official for information about the necessary permits, codes and ordinances which govern your type of food business. > Contact your local and state fire inspectors for information on fire code compliance and inspection for your food business. > Contact the Department of Labor and Industry, Plumbing Unit, for information about plumbing code requirements. > Contact your city, county, and state regulatory agencies for information about plan reviews. If you are remodeling, contact your city, county, and state regulatory agencies for the remodeling procedures and applicable codes.

19. Chapter 2. Retail Food Business Starting a new retail food business is an exciting adventure that will involve careful planning. Retail food businesses are regulated primarily by the Minnesota Department of Agriculture (MDA). This section will discuss the MDA's regulations for the different types of retail food businesses, which are: > Retail Food

Establishments (grocery store, convenience store, bakery) > Food Vending Machines

Retail food businesses may also sell nonfood items that are regulated by state agencies or units of local government other than the MDA. It is important that you read the “ Related Issues” section that is located in the next section of this booklet. Here is a listing of the important regulations that are discussed in the “ Related Issues” section: Cigarettes/Cigarette Vending Machines Delivery Vehicles Insurance Liquor Licenses Employment of Minors Minnesota Clean Indoor Air Act Quality Assurance Dating Scanning Devices State and Local Sales Tax Underground Fuel Storage Universal Product Code Retail Food Establishments

DEFINITION “ Food Establishment” means an operation that: (1) stores, prepares, packages, serves, vends, or otherwise provides food for human consumption, including a market, grocery store, convenience store, special event food stand, vending machine and vending location, and retail bakery (2) relinquishes possession of food to a consumer directly or indirectly through a delivery service, including the home delivery of grocery orders or restaurant takeout orders, and a delivery service that is provided by common carriers. A retail bakery and a vending company are considered a food establishment.

INTERNET FOOD SALES Firms selling food solely on the INTERNET also must meet all the regulations found in the FOOD CODE and or 21 CFR 110 depending on the type of food and manner of sale of the food (retail or wholesale) and be licensed. **HOME BASED BUSINESS** Many people express a

desire to conduct a food business out of their home or residence. In most cases a home will not comply with the rules and regulations for a retail food establishment. It is important to remember that a home based business is subject to all of the same rules and regulations as any other food business.

If you are considering a home based business it is extremely important to contact your area food inspector and local zoning and planning administrator ? rst. REGULATORY AUTHORITY The food handling of retail food establishments are regulated primarily by the MDA. Rules of the MDA governing the processing, handling, sale, and storage of food are found in MN Rules 1520-1555 and Ch 4626. In addition, the MDA has adopted applicable portions of the U. S. Food and Drug Administration's Code of Federal Regulations. 20. License Contact each agency EARLY for assistance. Plan Review

Insurance is advised for all food businesses. Wholesale Food Distributor Fair Stand/Mobile Food Unit Delivery Vehicles Vending Machine Food Manufacturer Meat/Poultry Processor Convenience Store Bakery (retail) Deli in Grocery Store Grocery Store/Retail Meat Mkt TYPE OF ESTABLISHMENT Minnesota Department of Agriculture * * * * City/Cty, Local Municipality License/ Plumbing Plan Zoning DOLI Tax I. D. No. MN Dept. of Revenue MN Public Service Wts. & Measures * in delegation area MN Pollution Control Agency Who Do I Contact?

Food Business 21. OBTAINING A LICENSE Source: MN Stat. Ch. 28A; MN Stat. Ch 176 Before you are allowed to operate your retail food establishment, you will need a retail food handler's license. The license must be obtained before

the store opens and must be conspicuously displayed on the premises. You must obtain a separate retail food handler's license for each place of business. Before your retail food handler license can be issued, your facility must be inspected and approved by the MDA. The requirements your facility must meet in order to obtain a retail food handler license include the following:

T compliance with facility and equipment requirements per 4626 T sanitation standards T food wholesomeness and safety T accuracy of weights, counts, and measures T labeling T storage T general food handling practices T compliance with building, zoning and plumbing codes If you plan to open a new facility, you must submit your facility's plumbing blueprints to the DOLI (see code compliance). In addition, your building plans must be reviewed by and approved 30 days prior to construction by the Minnesota Department of Agriculture (see section on plan review).

You must provide proof of workers' compensation insurance coverage if you have any paid employees, before your food handler's license will be issued. Failure to comply with any of these requirements within the time specification can result in a delay in license issuance, or suspension or revocation of your license once issued. EXCEPTIONS TO LICENSING Source: MN Stat. Ch. 28A. 01; MN Stat. Ch. 38, MN Stat 340A There are several statutory exceptions to the retail food handler license requirements. Some of the principal exceptions, enumerated in MN Stat. 8A. 15, include: 1. Persons selling products of a farm or garden occupied and cultivated by them. 2. Persons not regularly engaged in the business of manufacturing and selling food who prepare food only on order of and for sale directly to the ultimate

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consumer. 3. Educational, charitable, or religious organizations not regularly engaged in the business of manufacturing, processing, or selling food at their established educational, charitable, or religious institutions. 4. Persons whose principal mode of business is licensed by the MDH.

However, these businesses are subject to laws and regulations of the MDA as they relate to composition, standards of identity, adulteration, labeling, or misbranding of food. 5. Persons whose principal business is not food handling but who sell only ice manufactured and prepackaged by another, bottled or canned soft drinks, prepackaged candy or nuts at retail, or persons who for their own convenience or the convenience of their employees have available for rehydration and consumption on the premises such nonperishable items as dehydrated coffee, soup, hot chocolate or other dehydrated food or beverage. 6. Licensed pharmacies selling only food additives, food supplements, canned or prepackaged infant formula, ice manufactured and packaged by another, or nonperishable food items like bottled or canned soft drinks and prepackaged candy or nuts at retail. 7. Community event or farmer's market. An individual who prepares and sells food that is not potentially hazardous food, as defined in rules adopted under section 31.11, at a community event or farmers' market with gross receipts of \$5,000 or less in a calendar year from prepared food items.

If the food is not prepared in a kitchen that is licensed or inspected, the seller must post a visible sign or placard stating that: "These products are homemade and not subject to state inspection." Prepared foods sold under this subdivision must be labeled to accurately reflect the name and address of the person preparing and selling the foods. Certain home-processed and

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home-canned foods. (a) A person who receives less than \$5,000 in gross receipts in a calendar year from the sale of home-processed and home-canned food products and meets the requirements in clauses (1) to (5): (1) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower; (2) the products are home-processed and home-canned in Minnesota; (3) the products are sold or offered for sale at a community or social event or farmers' market in Minnesota; (4) the seller displays at the point of sale a clearly legible sign or placard stating: "These canned goods are homemade and not subject to state inspection" unless the products were processed and canned in a kitchen that is licensed or inspected; and (5) each container of the product sold or offered for sale under this exemption is accurately labeled to provide the name and address of the person who processed and canned the goods and the date on which the goods were processed and canned. (b) A person who qualifies for an exemption under paragraph (a) is also exempt from the provisions of sections 31.31 and 31.392.

LENGTH OF DETERMINATION PROCESS The length of the licensing determination process depends on whether or not your retail food establishment meets the requirements and standards of the Minnesota Department of Agriculture.

In most cases, the determination process can be expected to take from 15 to 45 days. The length of the time required to obtain a food handler's license will vary. For instance, if you are taking over an existing licensed firm which has had few problems with facility and licensing requirements in the past, the new license may be obtained in about a week. All that is typically required would be to contact the MDA for an inspection, correct any de-

ciencies identi? ed, complete the appropriate application and pay the corresponding fee. Licensing Period Source: MN Stat. Ch. 28A

A retail food handler's license is issued for the period from July 1 through June 30. There is no provision for a partial year license or fee, and the license is not transferable. LICENSE FEE Source: MN Stat. Ch. 28A The license is determined by the anticipated gross annual food sales for the ? rst year of business. Renewals are based on the actual gross food sales from the previous year. You must acquire the license before opening your business. Failure to renew your food handlers license by its due date will subject your business to a late fee. INSPECTIONS Source: MN Stat. Ch. 28A

Your retail food establishment must be inspected and approved by the MDA before your food handler's license can be issued. Inspections will be conducted on a routine basis, or more frequently if your establishment has a history or improper food handling. A written inspection report will be prepared by the inspector and given to you. If the inspector notes areas of noncompliance of regulations and issues speci? c orders to be followed, your ? rm will be given a reasonable time to comply. Failure to comply within the stated time may result in further regulatory action, that could lead to suspension or revocation of your license.

WHOLESALE PRODUCE DEALER LICENSE Source: MN Stat. 27. 03 subd. 4

Because perishable agricultural products cannot be repossessed in case of default, ? nancial protection is provided to producers who are not described in MN Stat. Ch. 27. 01, subd 8; and licensed wholesale produce dealers, including the retail merchant purchasing produce directly from farmers. If

there is a contract between a seller and a wholesale produce dealer to buy produce, the dealer must pay for the produce that is delivered to him or her at the time and in the manner specified in the contract with the seller.

If the due date is not set by the contract, the wholesale produce dealer shall pay for the produce by ten days after delivery or taking possession of the produce. A payment received after the due date must include payment of 12 percent annual interest prorated for the number of days past the due date.

Contact the Minnesota Department of Agriculture, Marketing Division at 651-201-6648. 23. Important Reminders Retail Food for Starting a Establishment

> Contact the Minnesota Department of Agriculture and local authorities for the specific regulations in which your building must comply. Review the "Related Issues" Section, which discusses the issues that need to be considered when starting a retail food market. > Review the statutes and rules referenced in this section for the regulations your retail food market must follow. Visit your local library or the Minnesota Statutes' website to obtain this information. > Submit plumbing blueprints to the DOLI and your Plan Review Application for review to the MDA. If constructing or remodeling, your blueprints must be submitted to the appropriate agency or local authorities before beginning construction. Have the building inspected by appropriate regulatory authorities. > After inspection approval, complete the license application and pay the fee to obtain your retail food establishment's required license. > If you have any questions, review this section or contact the MDA's Dairy and Food Inspection Division or your local clerk for more information on obtaining a retail food handler license. Food Vending

Machines DEFINITION Food vending machines are mechanical devices through which food is sold directly to the ultimate consumer.

REGULATORY AUTHORITY The MDA's authority to regulate food vending machines is found in MN Stat. Ch. 28A. In addition to the statutory requirements, various rules govern the labeling and sale of food in vending machines. These rules are found throughout MN Rules Ch. 1550 and 4626. The U. S. Food and Drug Administration's " Good Manufacturing Practices," 21 Code of Federal Regulations 110, also apply to food dispensed from vending machines. **OBTAINING A LICENSE** Source: MN Stat. Ch. 28A; MN Rules Ch. 4626 Before offering food for sale through vending machines, you must obtain a retail food handler license from the MDA and pay a food vending machine inspection fee for each vending machine. A current inspection fee sticker must be posted on each machine. The machines and their location must comply with regulations pertaining to sanitary conditions, minimum and maximum temperatures, quality assurance labeling, and storage, service, and delivery of vending products. In addition, you must provide the MDA with a complete listing of the locations of your vending machines.

LENGTH OF DETERMINATION PROCESS Source: MN Stat. Ch. 28A. 01 The length of the determination process depends on whether or not your vending machines meet the requirements and standards of the MDA. Generally, the determination process lasts from seven to thirty days. 24. **LICENSING PERIOD**

Source: MN Stat. Ch. 28A. 01 The license fee is determined by the anticipated gross annual food sales for the first year of business. Renewals

are based on the actual gross food sales from the previous year. You must acquire the license before opening your business.

Failure to renew your food handlers license by its due date will subject your business to a late fee. LICENSE FEE Source: MN Stat. Ch. 28A. 01 An annual state inspection fee is imposed on each food vending machine except: 1 Food vending machines may be inspected by either a home rule charter or statutory city, or a county, but not both, and if by a home rule charter or statutory city, or a county they shall not be subject to the state inspection fee, but the home rule charter or statutory city, or the county may impose an inspection or license fee of no more than the state inspection fee.

A home rule charter or statutory city or county that does not inspect food vending machines shall not impose a food vending machine inspection or license fee. 2 Vending machines dispensing only gum balls, hard candy, unsorted candies, or ice manufactured and packaged by another shall be exempt from the state inspection fee, but may be inspected by the state. A home rule charter or statutory city may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines described in this paragraph.

A county may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines described in this paragraph which are not located in a home rule charter or statutory city. 3 Vending machines dispensing only bottled or canned soft drinks are exempt from the state, home rule charter or statutory

city, county inspection fees, but may be inspected by the commissioner or the commissioner's designee. INSPECTIONS

All food vending machines must be inspected by the Minnesota Department of Agriculture or by a city or county regulatory agency prior to operation to assure that the machines and their placement comply with regulatory requirements. Thereafter, inspections will be conducted on a routine basis, or more frequently if needed. Following an inspection by the state, the inspector will prepare and present to you a written inspection report. If the inspector issues compliance orders, you must complete them within the designated time period. Failure to do so can result in further regulatory action leading to suspension or revocation of your license.

Complying with the local and state regulations will help prevent additional inspections and suspension of your license. If your machines are inspected by a city or county inspector, they will be inspected according to the schedule and procedures of the inspecting entity. 25. Chapter 3. Food and Beverage Service Establishments This section will cover the regulations of food service establishments by defining and describing the major regulatory requirements, giving you helpful information on obtaining the proper licenses and discussing inspection processes for the different types of food service businesses, including:

Food and Beverage Services (restaurants, deli's, cafes, catering services, alcoholic beverage services) Temporary Food Establishments (food stands and mobile food units) Bed and Breakfasts Food and beverage service establishments are regulated primarily by the Minnesota Department of

Health (MDH). Referring to the “ Primary Consideration” and “ Related Issues” sections of this booklet will help answer common questions about starting a food and beverage service establishment in Minnesota. Food and Beverage Service Establishments DEFINITION Source: MN Stat. Ch. 157. 15; Laws of MN, 1995 § 28A. 01; and Laws of MN, 1995 § 245A