

THE MARKET

AT MALCOLM YARDS

Tuesday, March 12, 2024

To Whom It May Concern,

The Market at Malcolm Yards has been getting a lot of buzz since opening in July of 2021, It is truly unlike any other food hall in Minnesota, featuring 9 kitchens offering a wide variety of high-quality fast-casual food, a full-service bar featuring craft cocktails on tap, and a self-pour tap wall with a large variety of craft beer, wine, and ciders. The home of The Market at Malcolm Yards is the restored Harris Machinery building in the Prospect Park neighborhood, it is a fun and unique venue for a night out with friends and family or a private event.

The Market has a unique business model designed to allow chefs the ability to launch their concepts with low entry barriers. The Market provides concepts with all kitchen equipment, plateware, utilities, trash removal, repairs and maintenance, marketing, including the point of sales system. Additionally, The Market operates all front-of-the-house operations, employing hosts, bussers, beer wall ambassadors, bartenders, dishwashers, leaving the fledgling concepts with only their kitchens to worry about. In-kind The Market collects a straight percentage of sales from the concepts.

Guests of The Market have two payment options, the “Yard Card,” or individual credit card payments at the kitchens and bar. The most popular is the “Yard Card” which is a RFID card linked to a tab created at our host stand where guests provide a credit card and have their ID’s checked and wrist bands put on to designate that they are of drinking age. Guests can use this card to order food from any of the kitchen concepts and beverages from the bar and pour wall. The system also has a text when prepared feature to notify guests that their food is ready for pick up. After guests have finished their visit, they can drop their RFID card into a lockbox at any exit. Our team then closes out the cards, and guests receive a single receipt via text for their entire visit.

The Market and its kitchens currently employ approximately 85 full-time employees with many more part-time employees on the rosters. When The Market first opened, the plan was to hire hourly employees at the minimum wage of the time, which was a significant challenge during the pandemic. In order to fill the all the positions, we had to find ways to compel food service industry professionals to join the team, which was additionally compounded with Minnesota being one of three states in the union where tip pooling is illegal. We decided to adopt a tipless model, offering starting wages for staff ranging from \$17 to \$22 per hour, depending on experience. This decision gives The Market a competitive edge within the industry and city. An 18.5% hospitality surcharge to help offset these increased labor costs with 11.5% of the hospitality surcharge goes to the kitchens to provide the licensee chefs with additional funds to use towards their labor costs. With this pay

structure The Market has been able to maintain an industry leading employee retention rate and the same can be said for many of the license chefs.

We understand there has been some recent concern with surcharges added to guests' tabs and that sometimes it is unclear about what the charge is for. At The Market, the surcharge information and definition is prominently displayed throughout The Market in the mandated font size at every kitchen, on our menus, website, so guests can be informed and do not have to proceed with their purchase if they are uncomfortable. The high rate of returning guests and heavy foot traffic indicate that the majority of our customers appreciate our business practices.

We are aware of proposed legislation that would make any type of service charge or hospitality surcharge unlawful in the State of Minnesota. This would severely impact our business model and diminish employment opportunities at The Market. Ultimately it would negatively impact the needs of our guests and what they want; a simple, one-time payment process which allows them to order and pay with ease and not to be concerned whether or not to add a gratuity to each purchase.

If the proposed legislation were to pass The Market would likely not be able to exist in its current form or at all, threatening the jobs and wellbeing of its employees, kitchen concepts and extinguishing a thriving business leaving our great city and state with one less amenity for its residents.

Sincerely,

Patricia Wall
Owner/Operator
The Market at Malcolm Yards
501 30th Ave SE, Minneapolis, MN 55414
612-791-0717
patricia@malcolmyards.market