Local Food Promotion Program (LFPP)
Final Performance Report

The final performance report summarizes the outcome of your LFPP award objectives. As stated in the LFPP Terms and Conditions, you will not be eligible for future LFPP or Farmers Market Promotion Program grant funding unless all close-out procedures are completed, including satisfactory submission of this final performance report.

This final report will be made available to the public once it is approved by LFPP staff. Write the report in a way that promotes your project's accomplishments, as this document will serve as not only a learning tool, but a promotional tool to support local and regional food programs. Particularly, recipients are expected to provide both qualitative and quantitative results to convey the activities and accomplishments of the work.

The report is limited to 10 pages and is due **within 90 days** of the project's performance period end date, or sooner if the project is complete. Provide answers to each question, or answer "not applicable" where necessary. It is recommended that you email or fax your completed performance report to your assigned grant specialist to avoid delays:

LFPP Phone: 202-720-2731; Email: USDALFPPQuestions@ams.usda.gov; Fax: 202-720-0300

Should you need to mail your documents via hard copy, contact LFPP staff to obtain mailing instructions.

Report Date Range: *(e.g. September 30, 20XX-September 29, 20XX)*	October 1, 2016 – March 31,2017
Authorized Representative Name:	Cornelius Spillane
Authorized Representative Phone:	207-400-5145
Authorized Representative Email:	nspillane@gmail.com
Recipient Organization Name:	Forq LLC
Project Title as Stated on Grant Agreement:	Establishment of the FORQ Food Lab in Portland, ME
Grant Agreement Number: *(e.g. 14-LFPPX-XX-XXXX)*	15-LFPP-ME-0015
Year Grant was Awarded:	2015
Project City/State:	Portland, ME
Total Awarded Budget:	100,000

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?
☒ Same Authorized Representative listed above (check if applicable).
☐ Different individual: Name: _____; Email: _____; Phone: _____

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1. State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff. If the goals/objectives from the narrative have changed from the grant narrative, please highlight those changes (e.g. "new objective", "new contact", "new consultant", etc.). You may add additional goals/objectives if necessary. For each item below, qualitatively discuss the progress made and indicate the impact on the community, if any.

    i. Goal/Objective 1: **Retrofit 195 Lancaster Street.** Once a bakery, 195 Lancaster Street was most recently home to the Boys and Girls Club. John Anton, a private developer, has agreed to finance $200,000 in renovation and leasehold improvements.

        a. Progress Made: Complete. Renovations finished the last week of July 2016 and we opened for business on August 1st for our member companies. The building is beautiful and the public as well as members have enjoyed taking in its new-meets-old industrial architecture. Before initiating the renovation, we enlisted the help of a local architect who shared in our creative vision to create exterior renderings and apply for the building permits. The next big add for the team was a general contractor who had previous experience with kitchens. We were lucky enough to find someone who did the buildouts for all the best kitchens in Portland. It was important to find an architect and general contractor who knew each other and had a pre-existing rapport since there was a lot of back and forth between those two parties dialing in the plans and answering questions from the city and fire department on our building design.

        b. Impact on Community: Lancaster Street is located in West Bayside Portland, a beaten down area of the city that has seen lots and lots of crime in the past couple decades. It's not uncommon for violence and drug activity to be happening on any given day in West Bayside. Taking the dilapidated building on Lancaster street and turning it into a functioning food incubator has increased foot traffic and car traffic to the area. It has also made the area more attractive to real estate developers, with a Chipotle Mexican Grill, and OrangeTheory gym now open 1 block away, and Bayside Bowl just completing a $1.4 million expansion nearby. The city is also getting ready to do an RFP on the public works buildings on an adjacent lot totaling 4 acres.

    ii. Goal/Objective 2: **Enroll up to 30 entrepreneurs as members.** FORQ is currently in the process of securing Letters of Intent (LOI) from business start-ups to become full and weekend members. By the end of Year Two, FORQ expects to enroll 20 full members and 10 weekend members.

        a. Progress Made: Complete. We currently have 31 members at FORQ, the ratio of which is 4 full-time and 27 part-time. The breakdown of types of companies is approximately 65% specialty food producers, 25% food trucks/carts, and the remainder are caterers. Word of the incubator has definitely been spreading around town, with many people asking about the new and exciting business. We see membership continuing to grow towards full capacity of 45 companies this summer. One thing we were surprised by was the concentration of bakers and desert makers in the incubator. On one hand, it allows all the ovens, mixers, and proofers to get plenty of use, but it also hurts the diversity of products available at special events such as member markets.

        b. Impact on Community: Opening up a membership based food incubator to lower initial capital barriers for food entrepreneurs helps create jobs and

increases chances for success for these food companies. Less capital needed to start up food businesses allows companies to spend more money on paying employees or suppliers. This increased cash flow compounds and has a multiplier effect that keeps more money in Maine, boosting economic growth. Having this new incubator open has enabled the community to see how possible it is to start a new business and give it a go. The community has also become more entrenched in the daily successes/failures of the startups in FORQ and it allows for greater education of what it's like for a food company to grow. We have two interesting businesses in our incubator, Immigrant Kitchens and Fyood Kitchen. Immigrant Kitchens is run by Lindsay Sterling who meets immigrants during her regular life tasks such as shopping for groceries. Lindsay then asks if they wouldn't mind teaching her how to cook a dish native to their country. If they comply, she will go over to their home and learn the dish, then schedule a cooking class at our incubator to teach the recipe to others. Many times Lindsay is able to have the immigrant as a guest of honor in the class. The other business, Fyood Kitchen, is a cooking competition experience described as "Paint Nite meets Iron Chef". Maddie Purcell is the entrepreneur and she has developed the model so that customers pay a ticket price of approximately $50 per person to compete with other people in two rounds – dinner and dessert. Much like the cooking show "Chopped" the competitors use a pantry and there is also a mystery basket for each round. At the end of each round which are 50 minutes each, a panel of judges eat and rate the food based on several criteria. In the end, everyone gets to try each other's dishes and socialize. Those that are scared to cook can still sign up to judge.

iii. Goal/Objective 3: **Fit out commercial kitchen.** After renovation, the space at 195 Lancaster Street will be ready for equipment. USDA funds will be used for the acquisition of equipment and supplies for food preparation, cooking, baking, refrigeration, cold storage, and dry storage. Fulfillment of this objective will enable FORQ's members to begin value-added food production.

a. Progress Made: Complete – No USDA LFPP funds were used in construction or renovation of the building. All food preparation, cooking, baking, refrigeration, and dry storage has been installed successfully. The members thoroughly enjoy working on equipment that is maintained for them and was setup for success from the get go. The other shared kitchens in the state don't have even one full-time employee running the kitchen, which leads to equipment not being kept clean and properly looked after. One piece of equipment that members really enjoy is the Unox Cheftop combination oven. It is hooked up to water so it can steam vegetables, and can also dehydrate to make things like jerky. There is a probe attached to the oven that goes into meat being cooked so that it will automatically hold the meat at a set temperature such as 165 degrees Fahrenheit to avoid over-cooking. You can also program steps to change between temperature, humidity, and fan speed throughout a cooking process or click on a button for an auto-cook for different types of food for general catering preparation.

b. Impact on Community: Although no USDA LFPP funds were used in the construction or renovation of the property, contractors that helped install the equipment were all Maine based companies, creating a trickle-down economic

effect where contractors are getting paid, and then spending cash in the local community. Other contractors such as electrical, mechanical, plumbing, HVAC, painting, drywall, etc. all have families that rely on them and this project helps support the community in that regard. The equipment that is available has also helped with other community based initiatives such as the "Feeding the 5000" event that took place where gleaned farm goods were donated by Maine farms, they were then processed at FORQ, turned into a stew and fed to 5,000 people for free at Monument Square in Portland. This was part of a worldwide effort to increase awareness of underutilized food or food that is going to waste. Caterers are also finding use in our kitchen to conduct wedding tastings where the future bride and groom are watching their potential chef cook a menu for them and tasting at the same time. Sometimes commercial producers that are co-packing will pay to use the kitchen hourly to do test batches of different recipes or setup a focus group tasting so that they can get feedback on several iterations of their product. Those types of tastings are very powerful in that they mold the product to the end consumer instead of leaving all the decision making with executives that may not be in the target market of a product.

iv. Goal/Objective 4: **Launch value-added services for members.** Beyond membership, FORQ will create other avenues for generating revenue to help members reach new markets and diversify the incubator's income streams: tasting room for retail sales to the public; full-service catering for individual, institutional, and corporate clients; renting out the FORQ facility for special events; and distribution of FORQ-branded products from Lancaster Street to area retailers. FORQ will also partner with Scale-Up Portland to offer coaching, consultation, and training for eligible members.

a. Progress Made: Complete. We have launched the tasting room, catering, and special events. The tasting room is open Saturday mornings right now and is a retail setup so that FORQ can sell the products of all the value-added members that produce in the incubator. Members are also reserving the tasting room for private tastings and focus groups, as well as team meetings. Catering has worked really well and has provided another sales outlet for our members. FORQ works with each client (corporation, non-profit, wedding planner, consumer, etc.) and custom tailors the menu for that particular event. All the food on the menu is crafted by our members, and FORQ runs the logistics and staffs the event, with our members getting paid net 14. Special events have dovetailed with catering very nicely, where we host the special party in our tasting room and provide the food and drink, with everything being made on-site by value-added producers. We have even started booking wedding receptions for this coming summer. The most recent cohort of Scale-Up Portland students include three members of our incubator.

b. Impact on Community: Portland is an incredibly foodie-type town, and the opening of a venue where special events can happen at the same place top-tier local food is being made is a dream come true. It's been very beneficial to have a hyper-local facility near downtown that has a viewing window into the kitchen and allows the typical consumer to see what happens behind the scene. The biggest impact has just been the fact that there is now a menu of 31 companies products condensed into one spot, with FORQ being able to cater those items to any gathering. For many startups, the catering arm is the first chance for their

products to hit the outside public world. We have also been hosting open-house markets every 2-3 months which is a chance for each company to setup a booth inside and sell their products. The public has really responded powerfully to the ability to see the entrepreneur behind the food and to try out new recipes before they appear in neighborhood retailers. We recently setup a relationship with Sysco, a large distributor to bring the minimum order for our members to 5 cases as opposed to the normal 20 case requirement. We have also seen synergies with other distributors such as Native Maine and Downeast Foods allowing our companies to do joint-orders which brings down their overall cost and evens out cash flow across multiple weeks.

2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 2015). Include further explanation if necessary.
    i. Number of direct jobs created: 4
    ii. Number of jobs retained: 4
    iii. Number of indirect jobs created: N/A
    iv. Number of markets expanded: N/A
    v. Number of new markets established: N/A
    vi. Market sales increased by $N/A and increased by N/A%.
    vii. Number of farmers/producers that have benefited from the project: 31
        a. Percent Increase: 100%

3. Did you expand your customer base by reaching new populations such as new ethnic groups, additional low income/low access populations, new businesses, etc.? If so, how? We were able to open up the opportunity of commercial growth to several small food businesses in Maine. Looking through a list of members you see several people that would have been in a home licensed kitchen that was inadequate for their business needs, and making life less enjoyable. You also have brand new companies purchasing memberships to work in the incubator that went straight from their un-licensed home kitchen into the commercial kitchen here. Those people would have never started their business since they didn't have the appropriate house to have a licensed kitchen or just didn't want to spend the upfront cash needed. We've also opened up a new customer base in the interactive cooking class category. There hasn't been a kitchen in Maine that could allow for citizens to chop carrots alongside an instructor until now. While we haven't had as many immigrant members in the kitchen we would have hoped for, there is one Halal Market we are in discussions with to use our kitchen as their base for prepping food to sell at their retail market down the street.

4. Discuss your community partnerships.
    i. Who are your community partners? Slow Money Maine, Maine Startup & Create Week, Cultivating Community, Coastal Enterprises Inc, Maine Accelerates Growth, Greater Portland Council of Governments, Scale-up Portland, Maine Food Producers & Grocers Association, Portland House of Music, Cloudport, Portland Food Council
    ii. How have they contributed to the overall results of the LFPP project? The latest partnership is with Portland House of Music. They are a concert and special event venue in Downtown Portland. They have a beautiful space, but do not have a kitchen on-site so they have worked with us to establish a co-branded menu for wedding

planners, VPs of Marketing, etc. Now, those customers can access delicious local food and book the venue all with one relationship. Cloudport is a traditional office coworking space in Portland that opened up a few months ago. They have chosen to use us for most catered events to multiply the local economic impact of their space. Coastal Enterprises Inc teamed up with us for an event called Around The World. This event featured immigrant chefs from various countries, where they demo'd how to cook a certain dish in front of the crowd. The dish then got passed around and everyone got to taste it. The Maine Maine Food Producers & Grocers Association was nice enough to feature FORQ as one of the speakers at the 2016 Maine Food Means Business Food Summit. Eric Holstein, the COO spoke about the topic of startup equity and debt mix.

iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant? Maine Accelerates Growth has launched a new initiative called Venture Hall which is an accelerator program. They will be based at Cloudport, a coworking space in town. We see Venture Hall working with us to accelerate companies already in FORQ with things like raising money, financial forecasting, and connecting with rainmakers nationally. We have already catered two Greater Portland Council of Government meetings, one of which was an IMCP meeting. We hope to have members of FORQ continue to join the Scale-Up Portland classes which run bi-annually. We have a great working relationship with Gerry Brown to make sure there are the right types of food companies participating in the program. Eric Holstein the COO of FORQ currently sits on the board of the newly formed Portland Food Council designed to shape the trajectory of local food in the area.

5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? N/A

6. Have you publicized any results yet?* The local CBS affiliate channel WGME13 did a feature on us talking about the business model. The story also featured some of our food entrepreneur members, namely Cape Whoopies, White Cap Coffee, Plucked Salsa, and the Marshmallow Cart. We held a grand opening party on September 27th 2016 which was extremely successful. Approximately 700 people showed up to the party, with many that were unable to fit into the parking lot and facility. The grand opening was an open house where everyone could walk through the facility, try out food from our members, and imbibe on local craft beverages.

   i. If yes, how did you publicize the results? The TV segment was aired by channel 13 in the local broadcast area. In person, we used a microphone to reach everyone and a stage to elevate myself, Mayor Strimling, and Senator Alfond. Marketing for the event reached 5,000 on facebook, and thousands more through the Portland Press Herald, Maine's largest newspaper. The event was also live broadcasted on WCSH-6 during their 207 segment.

   ii. To whom did you publicize the results? Live audience, readers, internet, live tv watchers

   iii. How many stakeholders (i.e. people, entities) did you reach? Approximately 700-800 people in person, tens of thousands at home.

*Send any publicity information (brochures, announcements, newsletters, etc.) electronically along with this report. Non-electronic promotional items should be digitally photographed and emailed with this report (do not send the actual item).

7. Have you collected any feedback from your community and additional stakeholders about your work? Yes, I speak with all members on a monthly basis as well as chat back and forth with our board of advisors.
    i. If so, how did you collect the information? In person interviews and emails.
    ii. What feedback was relayed (specific comments)? The members are very appreciative of the space. The fact that it's kept extremely clean (sweeping and mopping every night) is something that helps. Members are seeking more educational resources. We currently redirect them to a lot of great organizations in the area that offer pro-bono consulting as well as seminars, but there still appears to be a gap for some things. We have received a couple requests for a dumbwaiter to be installed which would allow goods to go from the pantry and cold storage on the 1st floor up to the 2nd floor where the hotline equipment is. Currently members use stairs and it can be multiple trips to get everything up to the 2nd floor. Members would also like to see more foot traffic in the tasting room, which has proved challenging because of our location which has very low regular traffic.

8. Budget Summary:
    i. As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report). Check here if you have completed the SF-425 and are submitting it with this report: ☒
    ii. Did the project generate any income? N/A
        a. If yes, how much was generated and how was it used to further the objectives of the award?

9. Lessons Learned:
    i. Summarize any lessons learned. Draw from positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed). There have been several positive experiences. The core of our business model is working wonderfully, in that you create an open concept kitchen as opposed to individual mini-kitchens. This brings down the cost for all parties. Offloading the deep cleaning of equipment to a kitchen manager or attendant at FORQ also makes sense so that entrepreneurs can focus more on their product. We were pleasantly surprised with the demand for special event venue space in Portland and this has become a desirable location for such events. Having a properly financed project has proved invaluable as members every day are taking advantage of expensive building improvements such as floor drains, hood systems, and electric. Bootstrapped projects will sometimes pass on such things, but at the expense of the user of the kitchen, and this creates problems for the sustainability of the food incubator. Overall, we did not have many negative experiences. The biggest negative was touched on previously in that the retail side of the business which sells products to the public on-site has proved to be slow due to our location. It's also harder than predicted for the person operating the tasting room to stay fully educated on every single product that each producer is making.

    ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving: All of our goals were met.

iii. Describe any lessons learned in the administration of the project that might be helpful for others who would want to implement a similar project: Having access to grant funds was a huge piece of bringing the project to life. As a startup, debt is a trap unless you can grow your way out of it and hit milestones at a certain pace. Something that we did pre-opening was getting companies to sign letters of intent saying they would join the incubator if it opened in the next six months. We extended a discount to the companies that joined, and we proved the demand that was out there while also using that information to curate the equipment that we ended up purchasing. Some kitchen equipment is general and must be in every kitchen, but some is specialized unless your incubator is going to host lots of that type of company. For us, there were a lot of bakers in the area that were in the target revenue range for us, so we used that future member company mix to drive buying decisions pre-opening. Once you are open, you only have so much flexibility since your funding package and buildout was designed for just the startup phase. Another thing we did that was smart was adding a little bit of cost to increase the electrical, plumbing, and HVAC capacity. As we add new specialized companies we are able to accommodate them with less cash flow needed since we have the expensive improvements already done. This choice of capital use would be less important to a small incubator in a population-dense area, but for us it made a lot of sense.

10. Future Work:

i. How will you continue the work of this project beyond the performance period? In other words, how will you parlay the results of your project's work to benefit future community goals and initiatives? Include information about community impact and outreach, anticipated increases in markets and/or sales, estimated number of jobs retained/created, and any other information you'd like to share about the future of your project. There's no doubt that the project has been a success. Now open for seven months, we have 31 happy companies using the kitchen, and a community that has embraced the concept with open arms. We intend to continue recruitment of quality companies to the incubator until we reach capacity, which we estimate at 45 companies. Once we are at that point, we will put more effort into curating the incubator kitchen portion by creating a perfect mix of companies, making sure there is a spectrum of food options and companies at all stages of growth. Another side project has been collaborating with Propel, a division of the local chamber of commerce, to raise money for immigrant scholarships at FORQ. This would allow entrepreneurs that are new Americans to start a business with less capital, and using the resources we have here at the incubator. Immigrants often times have food recipes that are delicious no matter who you are, but can have a strong demand from natives of that region of the world. This represents a good opportunity to start a business in a niche and be successful as well.

ii. Do you have any recommendations for future activities and, if applicable, an outline of next steps or additional research that might advance the project goals? We feel good about the value-added activities we are running but would like to add on one more piece: brokering. Food brokering would involve us hiring a sales representative that goes around the retailers in Maine and sells them products made in FORQ. Being a good sales person is critical for a food startup and we are seeing some companies stall that don't have that skillset ingrained in the entrepreneur. If we are able to offload the sales

piece to the incubator, that will free up the member to focus even more on creating a desirable, high quality product, with less distractions or reasons to leave the kitchen. After this summer, we will distribute surveys to current members of the incubator and possibly other food companies in the Greater Portland area to see what level of wholesale business they are willing to offload to a broker. We would attempt to identify a margin for this service that works for all parties: food makers, FORQ, retailers (and subsequently their customers). This data would be pivotal in creating financial projections and assessing risk and reward.