STAFF REPORT

Council Meeting Date: January 27, 2026

Subject: Consideration of Economic Development Incentive Grant Agreement with Project Vessel.

Staff Resource(s): Rachel Taylor, Economic Development Division Manager

Action Requested: Adoption of a resolution authorizing the City Manager to enter into a performance-based economic development incentive grant agreement to support Project Vessel, in an amount not to exceed $35,000 over a three-year grant agreement.

Background:

- A company, referred to as Project Vessel, is a creative manufacturing company, located in Asheville, specializing in ceramic dinnerware and other home goods. This project supports an accelerated expansion to double production capacity.
- The company has grown steadily over the last decade, doubling its production capacity from the previous year and employing 120 employees.
- The proposed expansion will streamline fulfillment by keeping it in-house, retaining 10-15 jobs, and expanding and streamlining production operations, doubling capacity. The expansion will bring the following:
    - $2.5M capital investment in machinery/equipment and real estate improvements
    - 40 new jobs with a $26/hour average wage
- The expansion enables the company to meet growing demand while working toward fulfilling its 10-year vision for a campus that showcases production, tours, and goods.
- The primary drivers of the decision include proximity to existing facilities and local incentive support.
- The City of Asheville is considering a performance-based grant in an amount not to exceed $35,000 in accordance with the City's adopted Economic Development Policy. North Carolina state law requires a public hearing be held before an incentive grant can be officially awarded.
- To maintain compliance with N.C.G.S. 158-7.1, the City must give the public at least 10 days' notice before adopting a resolution appropriating or expending funds to provide grants to a private entity for investments in commercial property.

Vendor Outreach Efforts:

- N/A

Council Goal(s):

- Economy

Committee(s):

- N/A

Pro(s):

- Performance-driven grant that is distributed after job and investment benchmarks are achieved, or mutually agreed performance benchmarks are established.
- Supports job creation and capital investment in Asheville.

Con(s):

- Grant is formulated based on use of a portion of the new incremental increase from property tax revenue generated by the project for a 3-year period.

Fiscal Impact

- If performance benchmarks are met, the annual distribution of the incentive grant would amount to $11,667 per year for three years, not to exceed a total of $35,000.

- This amount is available in the Community & Economic Development operating budget.

Suggested Motion:

- Motion authorizing the City Manager to enter into a performance-based economic development incentive agreement to support Project Vessel, in an amount not to exceed $35,000 over a three-year grant agreement.

Attachment(s)

- Resolution
- Adopted Economic Development Incentive Policy

RESOLUTION NO. 26-____

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN ECONOMIC DEVELOPMENT INCENTIVE GRANT AGREEMENT FOR PROJECT VESSEL

WHEREAS, the City of Asheville has authority pursuant to N.C.G.S. §158-7.1 to make appropriations for economic development purposes that will increase the population, taxable property, agricultural industries, employment, industrial output, or business prospects of the City; and

WHEREAS, Project Vessel is proposing to expand operations within City limits, adding $2,500,000 in new capital investment and 40 new jobs with an average hourly wage of $26 per hour; and

WHEREAS, Staff had determined that this Project meets the requirements of the City's adopted Economic Development Policy; and

WHEREAS, it has been determined that these economic development activities will increase the taxable property, employment, industrial output, or business prospects of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

1. City Council approves a grant to Project Vessel, or an affiliate corporation to be named, not to exceed $35,000 payable in three (3) annual installments of $11,667, subject to compliance with a Performance Agreement between the City and Project Vessel.
2. The City Manager is hereby authorized to execute the Performance Agreement setting the conditions for both parties, subject to approval of the City Attorney.

Read, approved and adopted this the 27th day of January, 2026.

City Clerk

Mayor

Approved as to form:

City Attorney