ARTSPACE
CONSULTING

SHEBOYGAN CITY COUNCIL | NOVEMBER 16, 2026

Reuse of the Former DSG Building

Preliminary Feasibility Study: Findings, Scenarios, and Recommendations

Prepared at the request of the City of Sheboygan



//1128 S. 11th Street //

THE QUESTIONS IN FRONT OF COUNCIL

The City owns a vacant 46,872 SF building at 1128 S. 11th Street. Artspace was asked whether it can become affordable space for Sheboygan's artists, creatives, and entrepreneurs.

Artspace's answer: Yes, with conditions. The building can work as creative workspace if the City invests in its core systems, manages it well, and keeps rents tied to the real cost of running it.

1

Which path?

Reuse the building at one of three investment levels or look at a different path.

2

How much capital, and when?

Near-term building needs, minimum build-out scope, and later phases.

3

What level of operating support?

City facility management staff, contracted services, and reserves.

WHAT ARTISTS, CREATIVES, AND ENTREPRENEURS ASKE FOR

- Prioritizing spaces to make, over spaces to visit: private and shared studio, production, and rehearsal spaces
- Simple, safe, well-maintained space over highly-finished, expensive space
- Many tenants, not one institution operating and programming the space
- Larger scale rehearsal, black box, and soundstage space types would also fill a current gap in the community

WHAT WE LEARNED

85–90

members in Sheboygan Visual Artists, yet its facilities only provide a few studios and a small-scale gallery. Plus, SVA fields 1–2 new studio inquiries a week

$9.60–$18

per SF per year: the range stakeholders described as affordable ($0.80–$1.50/SF per month)

Ebco's Closure

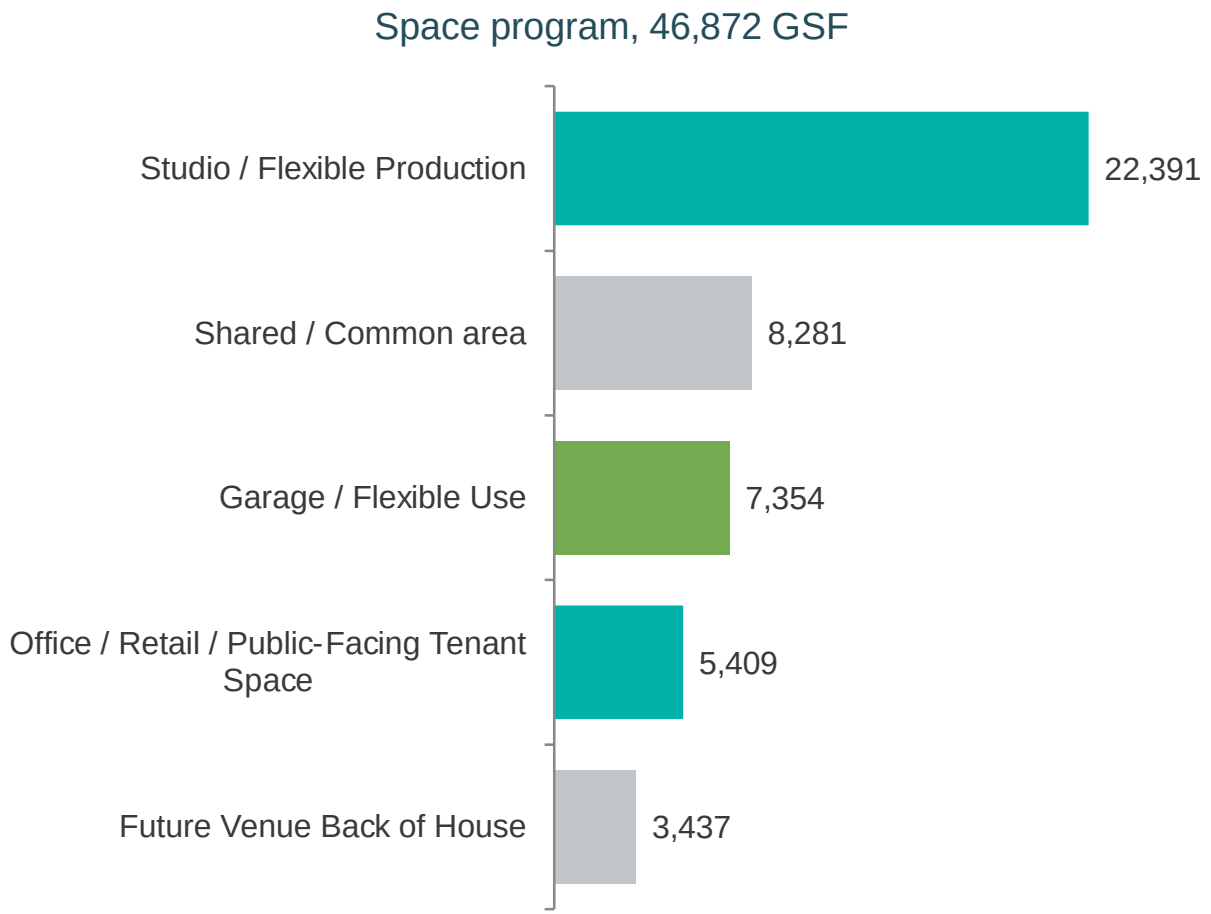
displaced dozens of visual artists, makers, music teachers, and bands who have not been able to find new space

THE CONCEPT: A MULTI-TENANT CREATIVE WORKSPACE

A multi-tenant building of affordable studios, production space, and offices for creative businesses and nonprofits. Possibly include a small-scale retail co-op as well.

- City owns it; Dedicated City staff member manages it
- Light-touch reuse: fix what's needed to occupy, protect, and run the building
- Studios and flexible workspace first; the garage stays flexible in an initial phase
- An “art space” rather than a destination arts center, and not housing

27,800 SF rent-paying space at $9–$15 per SF per year



WHAT THE BUILDING NEEDS

$3.85M

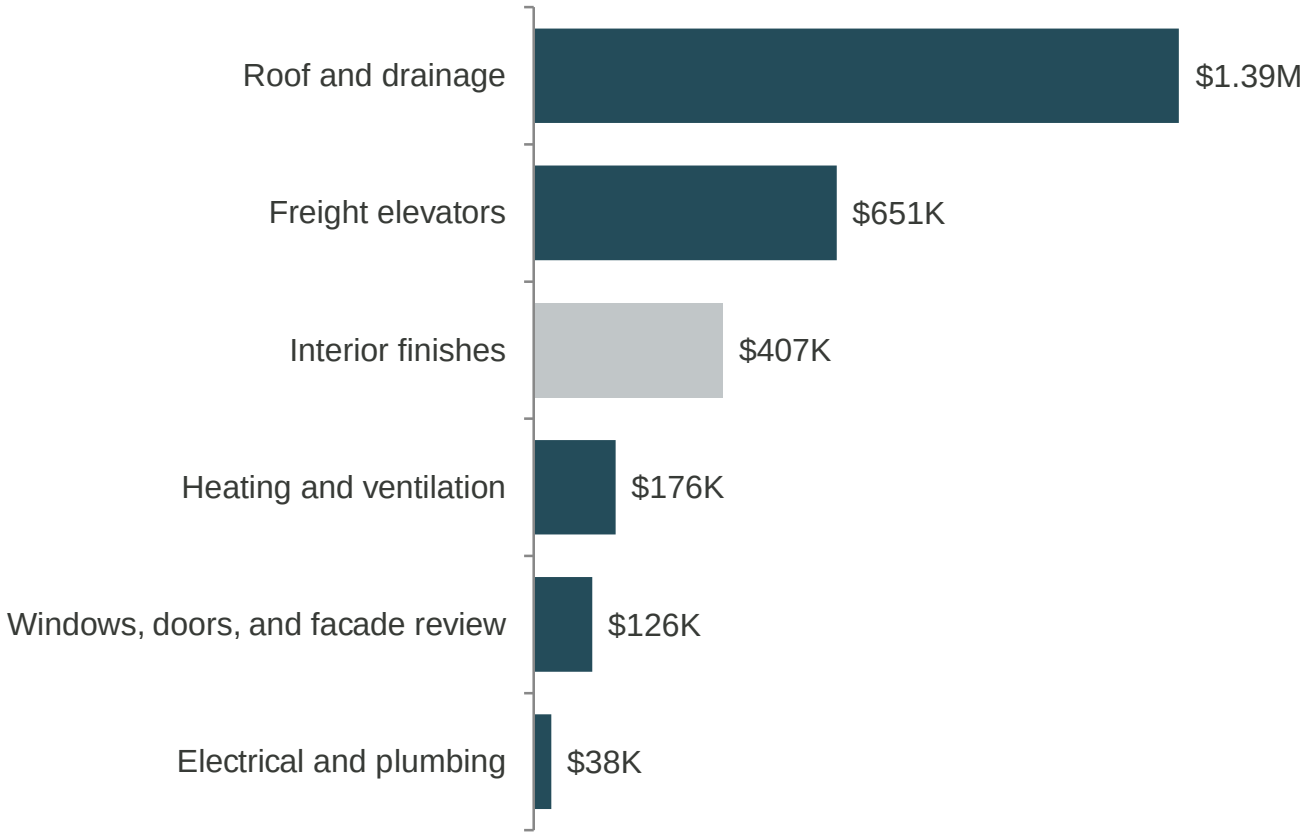
Cumulative 10-year capital needs cost identified by the City's 2026 Facility Condition Assessment (FCA)

$2.67M

of that is flagged for 2026

All four roof sections are past their 25-year life. The FCA estimates failure within 1–3 years. The roof is needed under any reuse path.

FCA items due 2026–2028



Gray bar: interior finishes is replaced by light-fit allowances in Scenario 1 and Scenario 2 and by full build-out allowances in Scenario 3.
Source: City of Sheboygan, DSG Facility Condition Assessment, 2026.

THE THREE SCENARIOS

All figures are planning allowances, not bids. Parking-lot work excluded. A one-time operating reserve of about $126,000 is shown separately.

SCENARIO 1

Minimum Build-Out

$2.9M–$3.6M

Open the building safely. Rent studios and offices largely as they are. Garage for storage or large-scale visual art production.

Artspace's Recommended Scenario

SCENARIO 2

Minimum Build-Out + Venue Activation

$3.6M–$4.3M

Scenario 1, plus a venue package that makes the garage usable for rehearsal, performance, and events.

SCENARIO 3

Full Build-Out and Tenant Improvements

$5.2M–$5.9M

Scenario 2, plus full build-out of studios, offices, and shared areas.

SCENARIO 1: MINIMUM BUILD OUT

What's included	Allowance
Base building and occupancy corrections (code, life safety, accessibility)	$650,000
Light Fit-Out of Studio / Flex Spaces	$225,000
Light Fit-Out of Office / Public-Facing Tenant Spaces	$175,000
Garage stabilization for low-occupancy use	$75,000
Contingency	$75,000
FCA near-term building systems (roof, elevator, heat, envelope)	+$2,380,000
Roof and drainage	$1.39M
Freight elevators	$651K
Heating and ventilation	$176K
Windows, doors, and facade	$126K
Electrical and plumbing	$38K
Updated planning range	**$2.9M–$3.6M**

Range accounts for possible overlap between building systems and base building/occupancy corrections

WHERE THIS SITS

1 Minimum Occupancy | 2 + Venue Activation | 3 Full Build-Out

WHAT IT DELIVERS

- About 27,800 SF of rentable studios, offices, and flex space
- Garage used for storage, production, or municipal use
- Fastest, lowest-cost route to opening doors

CONSIDERATIONS

- Finishes stay basic; tenants improve their own spaces
- Garage income is modest until a use is proven

SCENARIO 2: MINIMUM BUILD-OUT + VENUE ACTIVATION

What's included	Allowance
Everything in Scenario 1, except garage stabilization	–$75,000
Venue package: life safety, restrooms, ventilation, acoustics, access	$775,000
Updated planning range	$3.6M–$4.3M

WHAT IT DELIVERS

- Garage becomes rehearsal, performance, film, and/or event spaces
- Responds to what performing arts partners asked for

CONSIDERATIONS

- Needs a qualified venue operator, separate from the City manager
- Parking, sound, and neighborhood impacts to work through

WHERE THIS SITS

1 Minimum Occupancy | **2 + Venue Activation** | 3 Full Build-Out

SCENARIO 3: FULL BUILD-OUT AND TI

What's included	Allowance
Scenario 2, minus as-is studio and office activation	–$400,000
Full studio and flex tenant improvements	$1,350,000
Full office and public-facing tenant improvements	$500,000
Additional shared and common-area improvements	$150,000
Updated planning range	$5.2M–$5.9M

WHAT IT DELIVERS

- Move-in-ready studios, offices, and shared areas
- Tenants need to invest less in their own spaces
- A more finished building for the long term

CONSIDERATIONS

- Highest funding need: about $2.3M more than Scenario 1
- More finishes to maintain and replace over time
- Any debt on these costs pushes rents above what tenants can pay

WHERE THIS SITS

1 Minimum Occupancy | 2 + Venue Activation | **3 Full Build-Out**

THE SCENARIOS SIDE BY SIDE

	1. Minimum Build-Out	2. Minimum Build-Out + Venue Activation	3. Full Build-Out
Capital range	$2.9M–$3.6M	$3.6M–$4.3M	$5.2M–$5.9M
Cost per GSF	$63–$76	$77–$91	$112–$125
Garage use	Storage, production, municipal	Rehearsal, performance, events	Rehearsal, performance, events
Tenant spaces	Largely as-is	Largely as-is	Fully built out
Needs a venue operator?	No	Yes	Yes
Main risk	Breakeven operations	Unproven venue demand	Over-improvement
Artspace's view	Recommended start	Later phase, if proven	Not recommended at present

Planning allowances, not bids; parking-lot work excluded. A one-time operating reserve (about $126,000) is shown separately.

HOW THE BUILDING WOULD RUN

City of Sheboygan, Owner

Keeps the building, sets affordability and leasing policy, oversees the asset (pro forma includes $10,000 a year in opex for City oversight)

City Facility and Property Operations Manager

Leasing, rent collection, tenant relations, access and maintenance coordination, management of routine building operations.
Position modeled at $61,000 a year ($50,000 salary plus 22% benefits)

Contracted services

Specialized leasing, accounting, or repairs as needed

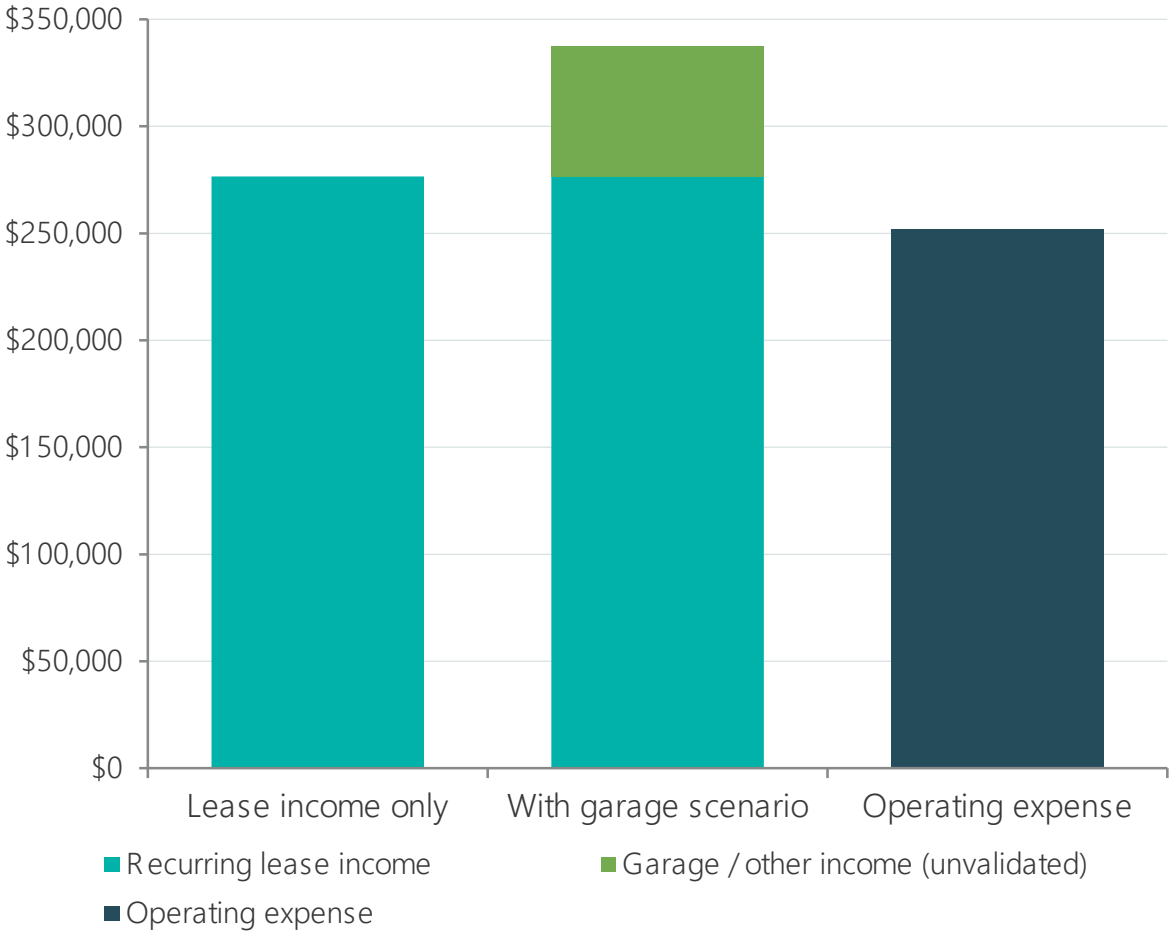
Venue operator

Only if the garage becomes a venue. Books and staffs events and pays their costs

RENT AND LEASING

- Simple gross or modified-gross rent: utilities and shared costs built into each lease
- $9 per SF (annually) for artist and maker studios, $11 for creative and nonprofit office, $13 for small business flex, $15 for office and public-facing space
- Clear, arts-informed leasing criteria and long-term leases protect the building's purpose

YEAR 1 OPERATING BUDGET



$276,554

Lease income: 27,800 SF at $11.05/SF average rent and 90% occupancy

$251,731

Operating expense ($5.37/GSF), including staff, insurance, utilities, and a $23,436 capital reserve

+$24,823

Lease-only surplus in Year 1. $142,000 of cumulative operating cash by Year 10.

With the unvalidated $61,200 garage scenario, Year 1 shows a surplus of $86,023 in operating cash.

LESSONS FROM EBCO

The closest local comparison. City shared records from Ebco (2017–2021).

$7.50–$15 per SF annually for Ebco's artist studios, makerspaces, and band rooms. DSG models $9–$15 a year.

20–24% of Ebco's rent income was written off as uncollected each year from 2017 to 2019.

–31% drop in rent income, from $145,700 in 2017 to $101,100 in 2020.

21 of 56 main building spaces open by September 2021. Collected rent (across all buildings) was about 37% of anticipated rent roll.

Source: Ebco financials 2017–2020 and tenant list as of 9/1/2021, provided by the City of Sheboygan.

WHAT DSG NEEDS TO DO DIFFERENTLY

- Dedicated City property management
- Consistent rent collection, with clear lease enforcement
- Fix the roof and core systems first, so tenants don't inherit deferred maintenance
- Fund a capital replacement reserve every year
- Hold an operating reserve for market downturns

PROTECTING THE CITY'S INVESTMENT

OPERATING RESERVE

≈ $126,000

One-time, funded with the capital budget. About six months of Year 1 operating expense.

- Covers expenses while the building leases up
- Protects tenants and the City in a downturn like 2020
- Possible sources: City funds, philanthropy, or parking-lot proceeds

CAPITAL REPLACEMENT RESERVE

$23,436 / yr

Now in the pro forma ($0.50/GSF annually). About $234,000 over the first ten years.

- The FCA schedules about $1.07M of further replacements for 2030–2035, including $445,000 of facade masonry in 2030
- The current reserve won't cover that on its own
- Council should plan for City capital funds or a larger reserve

ADDITIONAL/SUPPLEMENTAL PATHS COUNCIL MAY WANT TO EXPLORE

Outside this study's scope. Artspace did not estimate capital costs, income, or operating expenses for these options. They would need additional analysis.

Demolish and build a new mixed-use facility

Replace the DSG building with new construction that combines affordable housing with creative, ground-floor commercial space. Housing could open different capital funding sources, but the report finds new construction is unlikely to facilitate the same level of space, access, and commercial affordability to artists/creatives/entrepreneurs needing work space.

Sell the parking lot

The 13,500 SF lot across the street could be sold or developed, with proceeds added to the capital budget or an operating reserve.

ARTSPACE RECOMMENDATION

Advance Minimum Build-Out Scope of Work for Multi-Tenant Creative Workspace at DSG

IMMEDIATE NEXT STEPS

1. **Keep City ownership** Protects the building's purpose and affordability.
2. **Validate and price the Minimum Build-Out Scope** Architectural, structural, & environmental review, then contractor pricing.
3. **Validate the operating budget** Real staffing, insurance, and utility costs.



CHECK IN

ADVANCE WITH FINANCING

4. **Fund the Minimum Build-Out Scope** Near-term FCA items first, starting with the roof (failure expected in 1–3 years).
5. **Define the City facility operator role and reserves** Set up the position and fund operating and replacement reserves.
6. **Keep the garage flexible** Revisit a venue only with a qualified operator and proven demand.

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Thank you

Questions and discussion

artspace

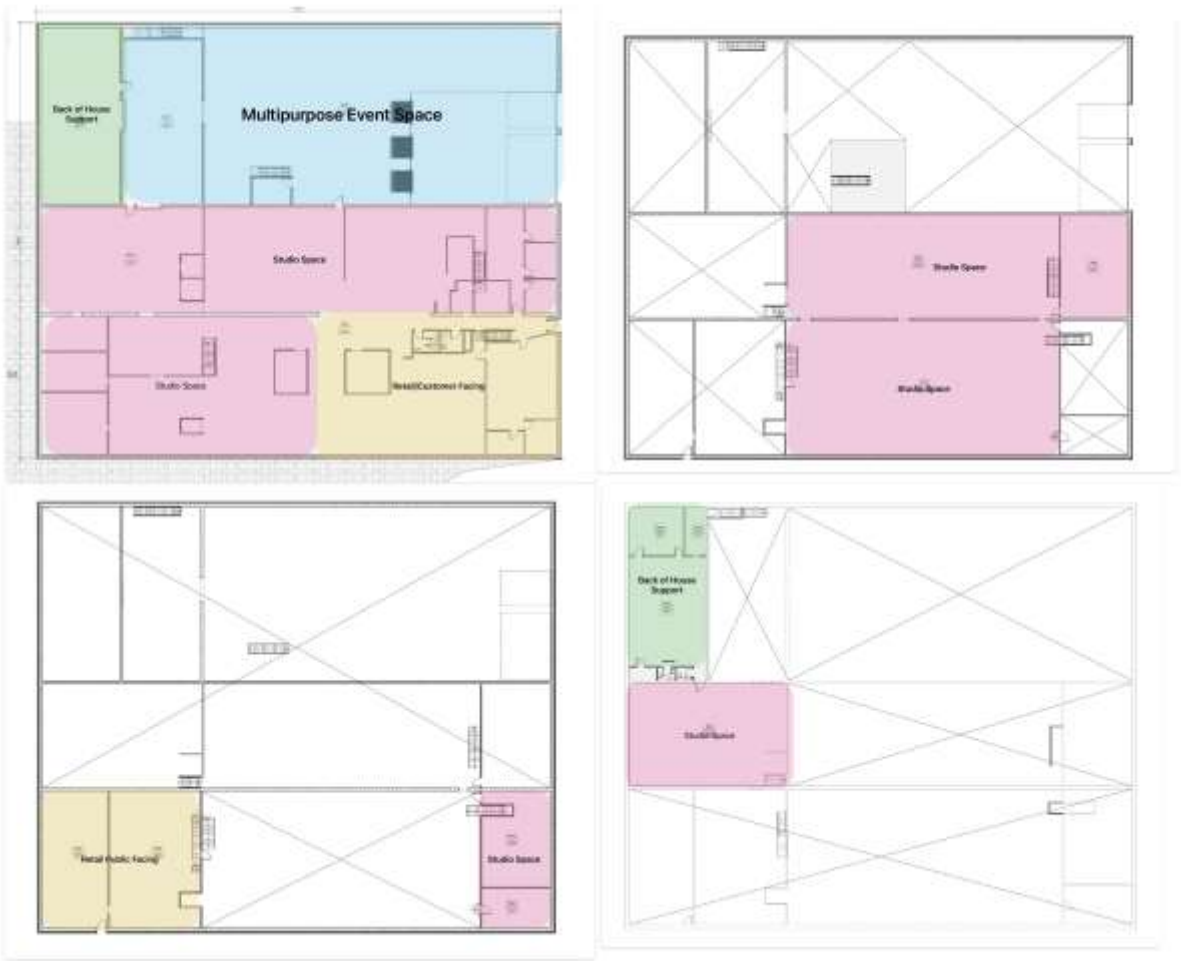
APPENDIX: WHAT WE DID

APR 2026	JUNE 11–12	JUNE–JULY	SEPT 2026	OCT 2026	NOV 16
Core Group kickoff	**Site visit**	**Performing-arts interviews**	**Draft report and pro forma**	**New City data added**	**Council presentation**
Virtual meeting to set goals, context, and the visit plan	DSG walkthrough, tours of 7 creative spaces, Core Group breakfast at Paradigm	5 conversations on rehearsal, black box, and soundstage needs	Shared with City staff on September 25	Facility Condition Assessment and Ebco records	Findings, scenarios, and recommendations

CORE GROUP

Tim Ferguson // Sheboygan Visual Artists, President
Mary Grady // Impressions Fine Art Gallery, Founder/Board President
Amy Horst // John Michael Kohler Arts Center, Executive Director
Angela Ramey // Kohler Foundation, Inc., Executive Director
Taylor Zeinert // City of Sheboygan, Director of Planning and Economic Development
Jeffrey Witte // City of Sheboygan, Planner

APPENDIX: EARLY SPACE TEST FIT



ILLUSTRATIVE ONLY

An early test of how the proposed program could fit DSG's floor plates. It is not a design or final program.

HOW THE LABELS MATCH THE REPORT

- "Multipurpose Event Space" is now Garage / Flexible Use: storage or production first; a venue only in Scenario 2
- "Retail / Customer Facing" is now Office / Public-Facing Tenant Space: rent-paying offices, no food service assumed