

Mill's new owner thinks big, very big

Tuesday, March 8, 2005

By TUX TURKEL, Portland Press Herald Writer
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BIDDEFORD — Steven Sobol stood in the old mill building last fall, looking out through banks of windows to the Saco River below, and dreamed about how this former industrial workplace might be transformed. "It's really amazing space," Sobol said recently. "You can't walk into it and not be overwhelmed by the magnitude, by the beauty of it."

Sobol wouldn't have been the first investor to stand in a half-vacant Maine mill and envision riverfront condominiums. But his mind took him to a different place. Scattered below and in adjacent buildings, 75 workers in 30 businesses were creating furniture and metal castings, forming plastic containers, making nylon tiedown straps and other endeavors. Wouldn't it be better, Sobol reasoned, to repair the deteriorated buildings, keep those jobs and attract more businesses?

In December, Steven Sobol bought the four-acre industrial complex known as the Riverdam Millyard. The sprawling property contains 331,000 square feet of work space. More than a century ago, it was the hub of the Pepperell textile mills, a city landmark that employed 9,000 people.

But Sobol, who is the fourth owner of the Riverdam Millyard in nine years, realized right off that he was buying more than a piece of Maine's industrial history.

He now owns a property with leaky roofs and fire code violations that will cost perhaps \$500,000 to fix. He bought a building where some tenants weren't paying rent and others had to put up their own money to keep fuel oil in the boilers.

That reality helps explain the terms of the purchase. The asking price was \$1.15 million, but Sobol got the millyard for taking back a bank loan worth about \$945,000.

Now Sobol faces a challenge that has defeated previous owners. He must upgrade the mill complex and fill it with rent-paying businesses before his cash runs out.

"I'm in a race against time and money," he said.

Sobol didn't set out to buy the Riverdam Millyard. He had never heard of it until last year.

For 20 years, Sobol lived in New York City and managed classical composers and performers. But he also owned a vacation home in Deer Isle, on Penobscot Bay, and decided in 2002 to move to Portland, then to Deer Isle, and change careers.

Sobol had made some money investing in real estate in New York. He wanted to do the same in Maine and bought an office building in Lewiston. When a second office deal there fell through late last year, Sobol noticed a listing for the Riverdam Millyard and decided to take a look.



Staff photo by Gregory Rec

Diane Stevens, owner of Custom Restraint & Strap, has been leasing space in Riverdam Millyard for 10 years. Her small business fabricates industrial-grade tie-downs.



Staff photo by Gregory Rec

Steven Sobol bought the 300,000-square-foot Riverdam Millyard in Biddeford about two months ago and is hoping to attract new tenants to join the 30 businesses that already lease space at the mill.

At first, Sobol agreed to pay the asking price of \$1.15 million. But after uncovering so many problems and realizing that the mill's cash flow wasn't paying expenses, he changed his mind. The \$205,000 difference between the asking price and the debt he assumed is the upfront capital Sobol's using now to make the most urgent improvements.

"I couldn't get away from the idea that these are incredible buildings with amazing potential," he said.

The potential for Biddeford's outdated mill buildings may not be readily apparent. But a survey done last year by the city and the Southern Maine Regional Planning Commission suggest there's emerging vitality behind the brick facades. The survey found 65 businesses and 159 employees within just three of the mill buildings, the largest number in the Riverdam Millyard. Woodworkers, artists, craftsmen and light industrial companies dominated the list, drawn there by low rents and ample space.

But these attractions won't sustain economic growth, not when water's dripping from the ceiling, when the city is pressing to correct safety violations, when there's not enough oil to keep workers warm.

"We found little or no effort being made to maintain the building," said Paul Tyson, owner of Thermoformed Plastics of New England.

Tyson has been in the primary Riverdam Millyard building for nine years. His company turns rolls of plastic sheeting into containers and packaging for everything from medical devices to consumer goods. Last year, Tyson brought in propane heaters to keep his nine employees comfortable in the 14,000 square feet of manufacturing space he rents.

Tyson said the millyard's last owner started making improvements, but ran out of money. Past owners underestimated how complicated the property is, he said. He hopes Sobol can do better. "Everybody who has bought this building has come to the table with the best of intentions," Tyson said.

David Vaillancourt also is anxious for Sobol to succeed.

Vaillancourt owns Eastern Bag Connection, a company that cleans and repacks giant plastic bags used to transport chemical and mineral powders. His company is the largest tenant, with 45,000 square feet on two floors, and 25 employees. It has been in the Riverdam Millyard since 1989.

Vaillancourt has fronted money in the past to buy heating oil and pay the snow plow. Then he would take the expenses off his rent. He is encouraged by Sobol's hands-on attitude and the initial investments he is making to stabilize the building.

"Steve is really doing the right stuff, in my opinion," he said.

Sobol is getting good marks for heating the buildings through the January cold snap. The massive, poorly insulated mill would make an oil company executive smile - keeping the tank filled in mid-winter was costing more than \$1,000 a day.

With spring approaching, Sobol is turning his attention to other priorities.

High on the list is complying with fire-safety codes, so he can open more space for rent. Only one-third of the complex, roughly 120,000 square feet, is now leased. Sobol has to complete the job of replacing sprinkler heads, installing fire doors and creating approved corridors and stairwells.

Sobol also has to take the unpopular step of raising rents. Some longtime tenants are paying less than a dollar a square foot, he said, and one business hasn't paid rent for a year.

Sobol is sending letters to 17 of his 30 tenants. On average, rents will increase 20 percent for them. New tenants can expect to pay \$4.50 a square foot, which includes most utilities. That's competitive, but may not be acceptable to everyone.

"I'm sure I'm going to lose some tenants along the way," he said.

The property also needs to be marketed aggressively. It's listed now with NAI The Dunham Group in Portland, which is advertising it in newspapers, on the Internet and through other sources.

Sobol also is hoping for a business development loan from the Biddeford Saco Area Economic Development Corp. Additional capital would let him move beyond rescuing the buildings. He's working with a Portland architect on a grander plan that would include new windows, a passenger elevator and other amenities. This long-range vision would cost \$1.4 million.

Sobol has another vision. By filling the remaining two-thirds of the complex, perhaps 200 people could be working at the Riverdam Millyard over the next few years.

But as he stood last week on the sixth floor, looking down at the swirling river, Sobol also seemed to recognize the challenges he faces just to stabilize the building and turn around the cash flow. Without prompting, he acknowledged that he must do things differently to succeed where others have failed.

One thing Sobol is realizing, after two months, is that he will probably have to move his young family from Deer Isle back to southern Maine. Being an on-site landlord, showing up every day and tackling the latest problems, he said, is the only way the Riverdam Millyard will realize its full potential.

"I don't see myself as an investor," Sobol said. "I see this as my job. And my job is to make this mill work."

Staff Writer Tux Turkel can be contacted at 791-6462 or at:

tturkel@pressherald.com

