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BUSINESS

Developer moves into luxury resort management



The clubhouse at Pelican Hill Golf Club will be relocated to make way for a luxury resort.

LEONARD ORTIZ, THE REGISTER

Irvine Co. ready for some R&R

By **MICHELE HIMMELBERG**
THE ORANGE COUNTY REGISTER

The Irvine Co. developed the nation's largest group of master-planned communities with deliberate precision: Create places to live, work, shop and play. That "play" component, which has lingered in the shadow of dominant housing and retail siblings, is now ready to seize a bit of the glamour.

The company's resort division begins grading land this month for a luxury hotel in Newport Coast, and it has already begun taking over management of the hotel it owns at Fashion Island, the Four Seasons.

On Nov. 1, the Four Seasons will be renamed The Island Hotel Newport Beach, said Clarence Barker, president of the investment properties arm of the Irvine Co. The new name will be part of a marketing

plan that plays off the Fashion Island retail brand and the hotel's ambience.

More than 500 people are expected to land jobs at the Pelican Hill resort, which will include a luxury hotel, two golf courses, two restaurants and fractional-ownership homes when it is complete in 2008.

Management for The Island Hotel Newport Beach has invited all Four Seasons employees to reapply for their jobs, and hopes to retain as many as possible.

RESORT: A new name at Fashion Island

Executives have feelers out around the world for elite chefs, spa managers and other experts in five-star service. Just as it did with its apartments, office and retail divisions, the Irvine Co. has developed the resort division to a level where it now makes sense to be not only owner but manager.

Barker talked about that decision and the “dream team” assembled to execute the long-held plan.

Q: Why did you decide to self-manage the Pelican Hill and Four Seasons hotels?

A: “With the (talent) we have in hand, and looking at the high level of service we’re trying to achieve, and our understanding of the market, it makes sense to manage the properties ourselves ... When you put (them all) together, there is an opportunity to make the parts bigger than the whole.

Q: You assume more risk in managing properties. What’s the major benefit?

A: The best benefit is to maximize the properties. When you have common management, under a common culture, with a common goal, it’s an easier task than working with the best of independent properties.

The Four Seasons did a great job. That’s not an issue. ... But the Orange County coast is becoming more and more popular. Look at the diversity along this coast and the number of opportunities for people to take advantage of it. ... We think the Pelican Hill resort will be the crown jewel of all that. It’s going to be beautiful, and the exceptional part will be us pulling off the soul of the project — the exemplary service.

Q: You’ve been assembling your team for a few years, first with Eric Prevette, vice president of operations, then Hans Maissen, who will manage The Island, and now Terry Petty, new president of Resort Properties. Talk about their roles.

A: We think this is the dream team of resort properties. Their experience level is different, but it’s all tied to high quality and service. They have everything from operations to food and beverage, and from small boutique operations to large corporate infrastructure. Hans will have the day to day, on the ground. Eric has all hotel operations. Terry deals with strategies and implementation.

They all come to us with excellent contacts in the industry and they’ve seen a lot of things in this business. ... Our goal would be that (visitors) walk away thinking this is the highest level of service they’ve ever had.



ANA VENEGAS, THE REGISTER

‘DREAM TEAM’: Key players in the hotel management plan are, from left: Terry Petty, president of the Irvine Co.’s resort division; Hans Maissen, who will manage The Island Hotel; and Eric Prevette, vice president of operations.

Q: Also at Pelican, you’re building 128 villas that will be sold as vacation units. That kind of fractional ownership is a growing national trend. Why is it important to this project?

A: There has always been a big market for second homes in this part of the state. ... Marriott has had very good success with a different type of product (time-share). We felt that this allows us to bring a different visitor to the coast.

The way our coastal commission approval was, we weren’t able to do for-sale there, so we were looking for different types of visitor uses. ... We think there’s a longer-stay market for those who want second homes and we envision a lot of them will be driving in.

Q: Several upscale resorts are establishing themselves along the coast. Is there room for all of them in this market?

I think there is. Certainly, the St. Regis, Montage and Ritz-Carlton will see (us) as a competitor, but that’s not all negative. When you have that critical mass, people see it as a resort destination.

I happen to think Pelican will be unique, both for the physical asset and the service. The challenge, anytime we do anything, is identifying what that unique experience will be.

Q: What does that say about the maturity

of Orange County?

A: I’d like to say I was smart enough to have predicted that, but it’s not the case. Orange County is clearly a place that is gaining world recognition. It’s one of the better-growing economies. It has good job creation, good weather, easy access, a highly educated work force and good educational institutions that are recognized nationally.

A lot of the coastal development shows that this is not only a good place to do business, it’s a good leisure destination as well.

Q: How does the Irvine Co. develop concepts like this one?

A: We start out with a dream and a vision, and ... our chairman (Donald Bren) is very involved. The physical plan sets the tone. Within that vision, you have to execute the feel, the touch and the soul.

People think of the architecture, but it’s so much more than that. There’s the land plan, the gardens, pathways, a hierarchy of how you know where you are so that you’re comfortable in this environment.

Then there’s the quality of your food, your room service, the cleanliness. Resort hotels could be one of our most complicated assets. We deliver a high level of service in our office and retail and apartments, but in a hotel, you’re running a 24-hour, seven-day-a-week business and touching all the aspects of a person’s daily life.