

ArkansasOnline®

Capital set to wow guests 2-year makeover finished, LR hotel to reopen Monday

BY LAURA STEVENS

Sunday, November 18, 2007

LITTLE ROCK — Cost really was no object, so much so that the numbers were still a little fuzzy for Warren Stephens.

Asked for an update on the price tag on the makeover of his Capital Hotel, the owner of the famed off-Wall Street banking house, Stephens Inc., said, "Actually, we don't have a good handle on what the final number is."

Last year, Stephens said the renovation would cost about \$24 million. But that was before he knew the full scope of the project, which would later include replacing 236 windows, outfitting five kitchens with the latest technology, installing printed custom fabrics and hiring restoration experts to work on the columns in the hotel, among other things.

Musing about the historic hotel in downtown Little Rock, he instead offers that he expects it to generate three or four times the revenue after it reopens for business Monday.

"If it doesn't, we'll be disappointed, but it'll still be OK because this is a very unique building and hotel," Stephens said. "I travel a lot. I stay in a lot of new hotels. I stay in a lot of old hotels. There's only a handful of hotels that have this kind of character and charm and history in the country."

Stephens' passion for the project is apparent as he gives a tour of the hotel, pointing out each new detail himself. He knows the history, the quirks, the design. The hotel staff sings his praises at every given chance, saying that no wish for improvements went unfulfilled during the two-year project. Bigger, better, exclusive - the hotel parallels Stephens' new golf course, The Alotian Club, which was meant to bring Augusta National quality to a few select players in Arkansas. As a billionaire who's seen some of the finest properties in the world, he knows how to bring the taste of genuine luxury to the Arkansas market, while keeping the historical oddities that make the 131-year-old hotel special.

"That's part of the charm of it," he said. "It's got nooks and crannies and oddly shaped rooms and big high ceilings, and those are the kinds of things that you would never build in a hotel today, but that's what gives this hotel and a lot of older hotels the charm that they have."

"Yes, we love the hotel," he said, bringing his wife Harriet along in this thought. "It is truly a treasure that needs to be cared for and upgraded."

The hotel originally was supposed to close for only six to nine months for mechanical, plumbing and electrical upgrades. Two years later, the massive renovation is finally completed, with almost every aspect of the four-story Victorian building upgraded.

Now there's speculation as to whether the establishment will receive one of the industry's highest recognitions - five stars in the Mobil Travel Guide - and boost Little Rock's attractiveness for the top echelon of travelers.

The Capital Hotel is not the first kid on the Markham Avenue block to undergo a renovation in recent years.

Across the street, the Excelsior Hotel reopened in 2002 after a two-year, \$40 million transformation into the Peabody Little Rock hotel. Then-Gov. Mike Huckabee pronounced the hotel "world-class" and said it would help make Little Rock and the state as tourist destinations.

The pitter-patter of the trademark ducks' feet in its lobby gives the Peabody an obvious marketing tool (also replicated in Orlando from the original Peabody in Memphis), but, at first glance, the lobby of the Capital Hotel looks the same as before.

Stephens pointed out the subtle changes as he led the tour. The entrance to Ashley's restaurant was moved a few feet to make room for an expanded kitchen. Carpets and furniture are new. The columns have been expertly glazed to resemble marble. The marble walls were buffed.

"For those of us that remember it before, it's actually a lot brighter," Stephens said.

But guests aren't supposed to notice a huge difference - except in luxury and technological upgrades.

"We tried to maintain all of the things that were great about the hotel, but then upgrade it to where it could really operate as a luxury hotel in the 21st century," Stephens said. "And it really needed lots of upgrading."

There are five new kitchens outfitted with the latest technology, office space has been expanded and placed in an area added to the back of the hotel, and 120 rooms have been remade into 94, eliminating the smallest rooms to create bigger ones.

Three new event rooms were added. The ballroom is 1,849 square feet and will seat about 150. The two second-floor rooms, on both sides of the mezzanine, are about 1,500 square feet and will seat up to 100.

Guests will have access to the newly renovated gym in the Stephens Building across the street, and there's also a business center set up behind the lobby area to give travelers use of office equipment. Rooms now have flat-screen TVs and wireless Internet.

The fourth floor used to be too hot in the summer, eliminating several rooms available for rent, but new air-conditioning systems have fixed that. And instead of two 30-year-old water heaters, the hotel now has three modern units.

"One of my pet peeves is to run out of hot water in a hotel," Stephens said.

Walking through the third story, Stephens noted that hallways built in the 1800s were larger than those built in the 1900s - possibly because of ladies' hoop skirts. He added that one of the third-story rooms at the front of the hotel has a sloping floor - noticeable only if you walk across it. That's part of the character of the old hotel, he said.

The bed has been leveled, and it was a trick to get the new crown molding bordering the 12-foot ceilings to look straight, he recalled.

Rooms on the three top floors that overlooked the ordinary-looking roof in the middle and on the back of the building now have a view of manicured rooftop gardens.

And the four new corner suites feature a powder room, dining area and living room, plus one or two bedrooms. The suites are 1,100 square feet, not including the bathrooms. Fabrics for the suites were custom printed. "It is a luxurious feeling hotel," Stephens said.

Room rates will increase from a maximum of about \$200 before the renovation to introductory rates ranging from \$199 to \$259, or one-bedroom suites for \$500. Rates are expected to increase as business stabilizes, said Chuck Magill, director of marketing for the hotel.

Stephens said, "I have been over the years an avid hotel consumer ... this hotel will stack up favorably with any of those that I've ever stayed in or admired."

David Kleinberg of New York-based David Kleinberg Design Associates designed the interior for the hotel. He worked with both Warren and Harriet Stephens on their home and the clubhouse at The Alotian Club, which opened in 2004. The ultra-exclusive club was designed by golf course architect Tom Fazio and is located near Lake Maumelle, about 20 miles west of downtown Little Rock.

Kleinberg said it was very important to maintain the architectural and historical significance of the hotel while updating it.

For instance, the huge elevator is rumored to have carried former President and Union Army leader Ulysses S. Grant - and the horse he rode in on - to his room during his April 1880 visit to Little Rock on a book tour.

While the interior design of the hotel is not truly Victorian, it was inspired by the bright colors of the Victorian era, Kleinberg said.

Because it's a historical hotel, it will be eligible for a 20 percent federal rehabilitation tax credit. Mark Christ, community outreach director for the Arkansas Historic Preservation Program, said the agency hasn't yet received the paperwork applying for the credit, although the hotel has run its plans by the program. The hotel will have to be certified by the National Park Service to receive the rebate, which would be in excess of \$4.8 million.

The Capital Hotel and The Alotian Club are only two of Stephens' latest ventures. He owns at least half the property along Main Street from Markham Street to Capitol Avenue, including a former movie theater. Frank Thomas, Stephens' spokesman, said there are no definite plans for the Center Theater. Stephens has considered restoring the building, possibly as part of a campus for the Arkansas Repertory Theater, but he said in May that plans wouldn't come to fruition for at least three years.

Stephens also donated the 11.6 acres in North Little Rock for the construction of the \$28 million Dickey-Stephens Park, where the minor league Arkansas Travelers now play.

Of course, this wouldn't have been possible without the late brothers W.R. "Witt" Stephens, who started the family empire in the 1930s, and Jackson T. "Jack" Stephens, who joined in the 1940s. While in the Capital Bar & Grill, Warren Stephens points to a reserved table in the corner. It's where Jack, his father, used to sit quite often to play a game and get something to eat or drink.

"We're going to keep that reserved sign there, just 'cause we want to," Warren Stephens said.

PEELING AN ONION

What made Stephens think to overhaul the hotel that his family bought in 1988?

"Most people would say we didn't think," Stephens said, laughing. "The kitchen is what started it."

Stephens, who with his wife is now sole owner of the hotel, said they were worried the infrastructure for drainage and waste was insufficient. Some workers from East-Harding Inc. construction company went beneath the hotel and confirmed it was a mess. At this point, only the kitchen was closed - but then they realized they had to completely redo everything underneath the kitchen.

"The only way to do that was to jack hammer up the floor in the kitchen ... and we said, 'OK, that's it, we've got to close the hotel,'" Stephens said. "So we closed it, thinking it would be six to nine months. Then we just said well, as long as we're at it, let's take a look at the HVAC, as long as we're at it, let's take a look at ..." And so on.

"It was then an easy decision to say, well, we're going to have to have new curtains," Stephens said. "Of course, when we had new curtains, that actually kind of led to the new windows, because the windows were leaking. ... Once you made one or two of those decisions, the decisions were really made for you."

It was like peeling back layers of an onion and finding what needed to be fixed, all the way to the end of the project, when they had a company come in July and custom-make a replacement for every window in the building.

Executive chef Lee Richardson, previously chef de cuisine of Restaurant August in New Orleans, was brought to the city for the job after an interview process that included cooking for Stephens in March 2006.

"When I got here, there was a totally different plan," Richardson said. He started by recommending a prep kitchen upstairs. Richardson said he expected to have to argue for it, but instead, Stephens recommended putting in three.

The baking area of the main kitchen has a refrigerated marble countertop for pastry dough and a rotating oven for even cooking. The main kitchen has an Electrolux Air-O-Chill unit, which has digital thermometers to keep tabs on the food and a monitor to print reports. According to a spokesman for Electrolux, the units

range in price from about \$10,000 to \$22,000.

There's a programmable Electrolux Air-O-Steam oven, which allows Richardson to cook things to his preference every time. Once he's programmed something into the oven, say, a cooking cycle for duck, "it's like a microwave button for popcorn," he said.

Richardson said some 94-room hotels might have one Air-O-Steam unit. The Capital Hotel has four - a 60-plate unit for each prep kitchen and another 100-plate unit in the main, as well as a half-sized unit. A 60-plate Air-O-Steam oven costs about \$15,000.

The kitchen tried out the new technology for the Southern Bar Association meeting in mid-October. Richardson said they served 200 people steak, with great results.

Moving into the heart of the kitchen, a 16-foot by 6-foot island cooking suite, custom made by Paris-based Molteni, features different surfaces for cooking, even a Cooktek MagnaWave range, which heats pots magnetically, leaving the surface cool to the touch.

A Molteni representative said the island, of which there are fewer than 30 in the country, costs about \$200,000.

"We really represent the who's who of the fine dining community," Guillaume Durand, director of Molteni's North American sales, wrote in an email. Locations which have the island include Donald Trump's golf course in New Jersey and the Sensi Restaurant at Las Vegas' Bellagio.

Finding a place to drain ducks required calling CARON Products & Services Inc., which makes scientific lab equipment, and asking them to customize an environmental chamber which is usually used by scientists for growing molds and cultures, Richardson said. At his last restaurant, they'd just hang the ducks upside down over the sink to allow them to drain overnight, Richardson said. They can also use the unit for aging meat, drying hams or even as a cheese box.

"We're not lacking for anything," Richardson added.

And that includes staff. There will be about 45 total staff on hand in the kitchen rotating shifts 24 hours a day. There are six sous chefs who've come to Little Rock from locations such as Boston, Las Vegas, Wyoming and Hawaii - although they are all originally from Arkansas. There are two pastry chefs and a full-time butcher.

As the chef looked around his kitchen, he said, "There's nothing I would change."

SHOOTING FOR THE STARS

Montine McNulty, president of the Arkansas Hospitality Association, was one of the first guests to stay at the hotel - her husband is past president of the Arkansas Bar Association and was invited as part of the Southern Bar Association meeting held during the hotel's soft opening.

"I can tell you, the Capital Hotel was beautiful before the renovation, and it's stunning now," she said.

She and her husband were in a fourth-floor corner room overlooking the River Market district.

McNulty said she's stayed at many Mobil Travel Guide four- and five-star hotels as part of her job, but still thinks the Capital is special. "I think it definitely has the potential to be considered for the industry's highest honor," she said.

It will also be good for the state's hotels to have the competition to drive them to new heights.

"In terms of what this means to our industry and to Arkansas - it is just the top of the hill in terms of quality and service, and that's good for everybody," she said.

Tony Poe of Poe Travel in Little Rock noted that visitors come from all over the world to see the Clinton Presidential Center and Heifer International's headquarters, which both are just a few blocks from the hotel.

"I think that if the Capital lives up to all that we've heard about it so far, then it should definitely elevate Little

Rock as a destination," he said. "This ostensibly will be the first five-star hotel we have in our marketplace."

Thierry Roch, executive director of the Historic Hotels of America, part of the National Trust for Historic Preservation, said demand for historic hotels is rising, and many are being renovated.

A historic hotel is like fashion, he said. "It's always coming back."

The Hermitage Hotel in Nashville, built in 1910, underwent a 10-month, \$20 million renovation, reopened in February 2003 and now has a Mobil five-star rating, as well as a AAA five-diamond rating.

Greg Sligh, managing director for the hotel, said the Hermitage had no stars from Mobil before the overhaul. One important part was upgrading the bathrooms with marble, big tubs and double vanities, as well as adding flatscreen TVs and new bedding. The hotel also focused on restoring the lobby and public areas to their former greatness - a painstaking task that included artists hand painting the details of the elaborate plastic molding and specialists stripping the rare 100-year-old circassian walnut paneling in the ballroom.

Sligh said a team of Capital Hotel executives spent a couple of days at the Hermitage several months ago to check it out.

Not every hotel that brands itself as luxurious hits the mark, said Bruce Wallin, group editorial director for Robb Report magazine, which calls itself the definitive guide to living for the wealthy.

"I think that these days, every new property out there is calling itself 'luxury,'" Wallin said.

To make the grade, hotels have to combine setting, architecture, amenities and service with one other important element: Surprise.

"The kind of people who stay in very high-end hotels are the kind of people who have exceptional homes ... they have everything that a hotel could possibly give them," he said.

To impress guests, the Four Seasons Hotel New York has a deep soaking bathtub that fills up in one minute. A hotel in Milan has staff push a cocktail cart through the hotel and make any drink the guests want.

Historical hotels can have extra appeal, Wallin said. "The original golden era of hotels - those types of properties just have incredible potential," he said. The trick is updating successfully but keeping the original charm.

"I think those are the types of properties that do bring attention to a city, especially when you do have a story to tell," Wallin added.

Mobil Travel Guide rates hotels across the country based on a checklist of 500 yes or no questions, said spokesman Darren Jones. The first inspection is announced, and can result in a one-, two- or three-star rating. If the inspector flags it for a possible higher rating, a three-day incognito visit happens.

There are only 37 five-star hotels and 145 four-star hotels in the country. Currently, there are no four- or five-star hotels in Arkansas. Peabody Little Rock is rated three stars, as was the Capital Hotel before its renovation.

Sligh, from the Hermitage, said no matter how much Stephens spent, that won't guarantee a four- or five-star honor. Even \$100 million might not be enough, he said.

"No, you can't buy a rating," he said. "You have to earn it." While there are certain basic luxury standards, he said the rating is based primarily on service.

Stephens said he's unconcerned about the possibility of the hotel receiving a higher rating.

"You know, I don't really know what goes into a five-star rating," Stephens said, stopping on the third-floor landing during a tour of the hotel. "I would say, we didn't do anything here with a particular rating in mind."

He compared it to The Alotian Club.

"I didn't do that to get a high rating for the golf course," he said. "I did it because I wanted it to be the best

golf club around.”

Golf Digest named the club, which cost a reported \$18 million to build, its Best New Private Course for 2005, the first time an Arkansas golf course earned the distinction in 23 years of the survey.

But you have to be careful not to go into a project with ratings in mind, Stephens said.

“You get into ratings games and, boy, you can make bad decisions,” Stephens said. “We’ll be content to run the best hotel we can run.”

Front Section, Pages 1, 20, 21 on 11/18/2007

Copyright © 2007, Arkansas Democrat-Gazette, Inc.
All rights reserved.

This document may not be reprinted without the express written permission of Arkansas Democrat-Gazette, Inc.

Material from the Associated Press is Copyright © 2007, Associated Press and may not be published, broadcast, rewritten, or redistributed. Associated Press text, photo, graphic, audio and/or video material shall not be published, broadcast, rewritten for broadcast or publication or redistributed directly or indirectly in any medium. Neither these AP materials nor any portion thereof may be stored in a computer except for personal and noncommercial use. The AP will not be held liable for any delays, inaccuracies, errors or omissions therefrom or in the transmission or delivery of all or any part thereof or for any damages arising from any of the foregoing. All rights reserved.