

BAY LADY GETS A MAKEOVER

\$1 million in repairs, new paint job and upscale furnishings nearly done

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The Bay Lady is going upscale.

New DJ booths, bars and dance floors, and renovated bathrooms and dining halls will greet cocktail cruise-goers and wedding parties when they board the 450-passenger vessel later this spring. The boat's leaky steel hull will have been repaired, and fresh paint will gleam from stem to stern.

When the nearly \$1 million refurbishing is complete April 24, the 20-year-old excursion boat will be rechristened the Spirit of Baltimore, the first overt sign that there's a new -- and deep-pocketed -- owner in town. The city had a dinner-cruise ship of the same name in the early 1990s that was renamed and moved to a Manhattan anchorage.

Backed by ICV Capital Partners, a \$440 million New York-based private equity firm, Entertainment Cruises bought Harbor Cruises, which operated the Bay Lady and two other boats, from longtime owner Larry Stappler for \$5 million last March. But the Bay Lady's new owner waited until this season to rebrand and revamp Stappler's flagship vessel with new staff, gourmet menus and furnishings.

"Everything is going to change; it's getting gutted," said Tom D'Amato, Entertainment Cruises' vice president in charge of Baltimore. "We truly bought this business for what it could be, not what it was."

The Lady Baltimore, the fleet's 350-passenger dining ship, was also dry-docked for \$350,000 worth of exterior repairs this winter, D'Amato said. Its interior and that of the 75-person Prince Charming sightseeing boat will redone later, he added.

Formed through ICV Capital's 2006 merger of Spirit Cruises LLC and Premier Yachts Inc., Chicago-based Entertainment Cruises is now one of the country's largest dining boat companies, with 24 vessels in seven cities bringing in about \$100 million in annual sales.

D'Amato, who oversees restaurant operations for the business, previously worked for Spirit Cruises in New York and Washington, and for Premier Yachts' high-end Odyssey line.

A boutique private equity firm, ICV Capital Partners also owns companies that make prepared foods, eyeglass accessories and car audio devices. The cruise business first caught the firm's attention while it was researching possible restaurant operators to acquire, said Lloyd M. Metz, an ICV principal.

"We saw that it had very similar characteristics to a restaurant company, with some additional benefits: great views, you don't have to be open every day, you only sail when you have customers," Metz said.

Plus, most people who go on dinner cruises, whether tourists or locals celebrating a special occasion or corporate event, report having a good time.

"We hadn't seen too many businesses, period, where the customer satisfaction level was that high." Metz added.

Not that Entertainment Cruises won't have challenges to overcome in Baltimore. The Spirit brand failed here before, in 1995, after four years of trying to make a go of sailing the Patapsco in competition with Harbor Cruises. A location outside the heart of the Inner Harbor -- and a thwarted bid for docking and parking space there -- and Harbor Cruises' cheaper prices made it unprofitable, its management said at the time.

Now, in purchasing Harbor Cruises, Entertainment Cruises has secured a mooring on the coveted Light Street promenade, in the thick of tourist crowds, as well as a local monopoly. The business had 130,000 passengers last season and hopes to add 20,000 to that total this year, D'Amato said.

Entertainment Cruises' takeover is a sign of the consolidation beginning to sweep through the day-cruise industry, said Beth Gedney, security director for the Passenger Vessel Association, the industry's trade group. Up to now, the businesses had been largely independently owned.

One reason: Small operators are not as well-equipped to handle increasing costs and regulations.

Interior furnishing on the Bay Lady, Lady Baltimore and Prince Charming, for instance, didn't meet all fire retardancy standards, though [Harbor](#) Cruises had agreed to fix the problem, said Coast Guard Lt. Preston Logan, chief of the small-passenger vessel branch in Baltimore. Now Entertainment Cruises is redecorating the ships with fireproof carpets, curtains, wallpaper and other materials.

A July 2005 fire aboard the Lady Baltimore -- later ruled to be arson -- further set Harbor Cruises back. The city Health Department also temporarily shut down the Prince Charming touring boat for serving food without the proper sanitation equipment on-site. Entertainment Cruises is installing new equipment.

After the Sept. 11 attacks, Stappler said, he was hit with new regulations enacted by the Department of Homeland Security. The business he entered in 1978 had changed drastically and, as he approached his 80th birthday, Stappler was ready to retire.

"The days of mom-and-pop businesses are over," said Stappler, a lifelong Baltimore resident who founded [Overlea](#) Caterers with his wife in 1959. "This company

[Entertainment Cruises] is definitely in the boat business, and they know how to make money."

Entertainment Cruises, for its part, has ambitious plans for Baltimore as it revamps its vessels here to create an environment similar to that on its ships in [Norfolk, Va.](#), Washington, Philadelphia and Boston. The menus, upgraded with items such as wild Alaskan salmon and dessert trios, the decor and ambience, will be standardized and marketed under the Spirit brand.

"A more sophisticated look will attract both more wedding and corporate business," D'Amato said.

Baltimore could also gain new boats, company executives said. The Seadog speedboat sightseeing cruises that the company operates in Chicago could work here, Michael Higgins, the Entertainment Cruises CEO, said. The company's more elegant, white-tablecloth Odyssey Cruises might also find a niche, he said.

Baltimore cruise ticket prices could rise by 20 percent to 30 percent over the next few years, Higgins added. Weekend dinner cruises start at \$65.90 this season; lunch cruises at \$36.90. The Stapplers operated a cruise model popular with those "looking for absolute rock-bottom pricing," he said.

In making these changes, Entertainment Cruises will have to be careful not to alienate its veteran customers, Higgins conceded.

Integrated into the fabric of city life, many a crab feast and Mother's Day lunch has been held on these ships, which also play host to political fundraisers. Former Rep. Helen Delich Bentley said she would have booked her campaign events elsewhere if the prices had been any higher.

"If it gets too expensive, they're going to lose the middle guys who keep it going all the time," said Bentley, a consultant to the Maryland Port Administration. "It's definitely the end of an era."