

## **Part 1: Chronicling Matagorda County Navigation District No. One's 75<sup>th</sup> anniversary – Early years of the shrimping industry in the Port of Palacios**

As far as the eye could see, citrus and fig orchards dotted the landscape. Rice and cotton filled in the rest of the county's agricultural lands and oyster harvesting made the most of the bay waters. A Tin Lizzie joined the landscape, motoring down on a local farm road, and everyone within earshot came to see the new jalopy in Palacios. It was the 1920's and Crawford Packing Company's 400 or so employees, many of whom worked after returning from the schoolhouse, were packing fruit from dawn to dusk. Soon after, successive freezes wiped out the resources that provided the products to pack. New oilfields in Texas pulled away many laborers. Amidst the gloom of frustration in the town, a glimmer of hope arrived from Alabama in the form of some shrimp trawlers.

Not long after that first visit from Ted Bates, Sr., Crawford Packing Company's management, headed by Carlton Crawford and aided by Roland and Matthew Burton and Henry and Ed Barrett, watched as 600 pounds of shrimp caught in Palacios Bayou were unloaded from the "Helen B" at the City Pier's T-head by Bates and his crew. Area folks were skeptical of eating what was considered "bait" shrimp but Mr. Bates knew that shrimp was being caught and marketed successfully back East. The 600 pound load was barreled and shipped to Port Arthur. Unfortunately, the catch was shipped "head-on" and when it arrived in Port Arthur, the heads had turned black and the fish house refused them. Bates learned from that first experience and soon trained local fishermen to head shrimp. He was also instrumental in Mr. Crawford's decision to convert the canning plant into a shrimp canning plant, after a visit to Bayou La Batre, Alabama to look at a shrimp cannery there. While on several subsequent visits, Crawford and Bates succeeded in convincing several families to bring their boats from Alabama to Palacios to work for the packing company. And so, the shrimp industry in Palacios began.

The shrimp industry has utilized the Port of Palacios since the first harbor was fully excavated in 1928. Providing the commercial shrimp and oyster industry with a well-maintained harbor and related services has been the core mission of Matagorda County Navigation District #1 since it was formally created by the Texas Legislature on May 11, 1940. The District became a taxing entity while also receiving operating revenue by leasing dock in the new turning basin.

Turning Basin #1 was dug in 1940 and completed with a concrete bulkhead which fortified the docks and wharves. The Palacios Channel was officially sponsored by the U.S. Army Corps of Engineers and the Palacios shrimp fleet became confident of a federally-maintained channel to the Intracoastal Waterway, along with a well-maintained home port and harbor of refuge.

Several properties within the township were bought and gifted to the Navigation District in those early years and the Port of Palacios began to take shape along the shoreline between the city limits and Camp Hulen. Several families in the area built boats and added to a thriving shrimping economy, including the Garcias and Aparicios, who continue to ply Gulf waters to this day. The Bates' family increased its numbers of family members who took to shrimping and established Gold Coast Seafood. Hugh Wallis and Wallace Barr met at ALCOA and forged a lasting friendship and business partnership by forming Palacios Marina, subsequently investing in the local shrimp industry.

More biographical information on Palacios' shrimping families can be found on the Palacios Chamber of Commerce website <http://www.palacioschamber.com/touristinfo.html> by clicking on "Shrimp Capital of Texas".

## **Part 2: Chronicling MCND#1's 75<sup>th</sup> Anniversary: Changes in the early shrimping industry brought challenges to the Navigation District**

Although Palacios suffered during the war years of the 1940's, losing a number of the town's young soldiers, enduring rationing and blackouts, and weathering a major ice storm and several hurricanes, it seemed that the town's spirits could not be dampened for long. Camp Hulen and its USO were in full swing and the shrimping industry continued to pick up steam.

As early as 1931, shrimpers supported season closures during nursery periods to allow small shrimp to develop. In 1941, shrimpers lobbied for the first coast wide spring season closure in inland waters. By the 1950's, two separate shrimp fisheries developed in Texas, based on the kind of shrimp of commercial importance to each fishery. One was the bay fishery that focused largely on the white shrimp that developed in the spring and remained as adults in the bays. The 1959 Shrimp Conservation Act defined an open fall season in the bays from August 15 through December 15 for harvesting mature white shrimp by bay fishermen. The second shrimp fishery was the Gulf of Mexico where shrimpers harvested adult brown shrimp that also developed in the bays in the spring, but unlike white shrimp, migrated as juveniles to the Gulf.

Shrimp production increased steadily in Palacios and Matagorda County Navigation District #1 put a plan to build a second turning basin into action. Docks were soon filled with an abundance of newly built shrimping boats, but controversy was never far from the shrimpers minds as a result of the diverse methods of bay shrimpers as opposed to Gulf shrimpers. In the bay nurseries, white and brown shrimp tended to be in different areas so that bay shrimpers could harvest small brown shrimp while minimizing the catch of young white shrimp. Gulf shrimpers opposed this practice because it reduced the number of shrimp that could successfully migrate to the Gulf. In 1963, the Texas Legislature amended the Shrimp Conservation Act to allow for a limited spring season from May 15 through July 15. Bay shrimpers also accepted gear restrictions on minimum net mesh size, which allowed small shrimp to escape the pull of the nets.

Palacios' shrimpers, along with shrimpers from Eastern shores all the way to the Bay of Campeche in Mexico, were enjoying the new status of shrimp as a popular ingredient on American menus. Shrimp appeared in cocktails, stews and Jell-O recipes. Restaurants, like local Peterson's, served them up fried, broiled, boiled, grilled, smoked, baked skewered and barbecued. Life was good in Palacios and then, in the early fall of 1961, Mother Nature struck in the form of Hurricane Carla.

The most intense hurricane to make landfall on the Texas coast in the 20<sup>th</sup> century, Carla struck just south of Palacios on September 11th with Category 4 fury and sustained winds of 145 mph. The port's two turning basins quickly became a harbor of refuge for bay and Gulf shrimping vessels, including home port vessels and those caught too far from home. The storm's devastating effects displaced trawlers, tugs, fish houses, homes and most of the population of Palacios. It also finished wiping out the canning plant. The Navigation District faced one of the most formidable tasks in its history – the rebuilding of its docks and wharves.

Shrimpers are typically, by nature, resilient, patient and have a steadfast work ethic. But the decade had not been an easy one. Carla, the aftermath and cleanup and rebuilding of lives and properties, Beulah, and the Vietnam War were difficult events for the people of Palacios. The war was barely over when a new kind of fisherman made an appearance in the port's harbor.

Roughly 2 million people fled South Vietnam after the fall of Saigon, with about a third settling in the United States. Often fleeing by boat, many families fell prey to pirates and lost all their possessions – and often their lives. Those who wound up in the United States settled in communities with American sponsors. Word spread that shrimping on the Texas coast was a profitable industry that didn't require mastery of the English language or unfamiliar job skills.

Fishing communities along the Texas coast were forever changed when the quiet but industrious refugees began arriving in the mid-70's. At first able to afford only old boats, the Vietnamese worked hard and pooled their resources to buy new ones. They angered some of the local shrimpers who claimed the Vietnamese violated local

fishing customs and depleted the shrimp population. Between 1976 and 1983, the number of shrimping licenses nearly doubled.

At the root of much of the conflict was a Vietnamese work ethic that focused on the family, not the individual, all of whom worked long hours to make their shrimp business profitable. The bay fishery soon became the primary domain of the Vietnamese-built and owned vessels. Since overhead is minimal compared to that of Gulf trawlers, bay shrimpers need net far fewer shrimp to make a profit. It didn't take long for the new immigrants to transfer their abilities to the larger trawlers and head into the Gulf. Names like Nguyen, Tran and Vu became common in the harbor and their families integrated into Palacios schools, businesses and the local Catholic Church.

In 1979, annual median incomes of shrimp boat captains ranged from \$15,000 to \$25,000 and upward. Riggers and headers, particularly for Gulf trips, were also clearing a good wage. New bay and Gulf boats began to proliferate in the Palacios harbor. Some Palacios families were now spawning a second generation of successful fishermen, including the Seamans, Bates, Wallises, Kunefkes, Garcias and Aparicios. The Navigation District was home to a couple of shipyards where maintenance could easily be obtained and fish houses for unloading, transporting, icing and storing shrimp ringed the two turning basins. Talk among the District's Commissioners began to turn to the need for even more dock space. Soon after, a double basin harbor was designed and, in 1982, Turning Basin No. 3 took shape to the west of the entrance to the other two basins.

The Port of Palacios had established itself as an economic engine for the community in the 1920's and 1930's and was, by the 1980's, a hub of port-related businesses and maritime jobs. The vast improvements to the harbor and reasonable dock rent attracted tenants and boats from other Texas ports, as well as Louisiana and Alabama. Matagorda County Navigation District #1's mission of "serving customers and taxpayers by maintaining and developing safe navigation and marine facilities in an efficient and cost-effective manner" produced a history of stimulating economic development and creating jobs in the community. But it would soon find itself, as a driver of job creation, taking a back seat to the tremendous economic boom brought to Matagorda County as a result of the South Texas Nuclear Project. The changes and challenges in store for MCND#1 and Palacios had only begun.

### **Part 3: Chronicling MCND#1's 75<sup>th</sup> anniversary: Caring for the Coast and Building for the Future**

Palacios completes the southernmost point of a connect-the-metros rectangle of Texas Coastal Plain. The city is equidistant to a triangle of big cities and was often the destination for city folks longing to look out upon the bay from the porches of The Luther Hotel or to fish in the fertile shallows of inland waters. After the early 1960's, the railroad no longer brought them and the unique and lively Pavilion had fallen under the crush of Carla's winds, but they still came, and, in many cases, decided the breezy, friendly town was a great place to settle in.

In 1971, a powerhouse team of utility companies, along with the cities of Austin and San Antonio, joined forces to plan for and construct the first nuclear generating station in the state of Texas. Although a slow start gave pause to the project, by the end of 1975 construction was underway and Matagorda County became a hotbed of newcomers and bustling activity. The large utility companies soon identified Navigation District #1 as an entity authorized to lend its tax exempt status to bonds issued by the companies, thus paving the way for large fees to be paid to the District as a result of these transactions. The District's legal representative, Eli Mayfield, took full advantage of the need presented by the utilities and the District's fund balance grew quickly.

MCND#1 Commissioners joined Mayfield in a series of trips to the financial centers of New York City and Washington, D.C. The District was a player in the world of high finance, albeit public finance, and, while Harbormaster Jimmy Smith kept watch on the docks, the District's fund balance continued upward. Shrimp boats continued to be built and named Palacios as their home port. Turning Basin #3 filled up with the new boats, bow to stern, as fish houses expanded along its wharves.

The boom hit a rocky spot in 1981, with the South Texas Project four years behind schedule and the county littered with transient housing and temporary businesses. Palacios felt the bump, and even though some businesses came and went, the town's customary stores were stable and leasing port dock and properties was still the bedrock

of the Port's operations. Although regular passenger service on the T&NO rail tracks had been discontinued by then, agricultural exports remained a reliable source of revenue for the Port until the early 1990's.

In 1985, an amendment to the Texas Water Code regulations governing the District and a sea change in the political balance of the MCND#1 Board both resulted in an elected board of three commissioners replacing the appointed management. The constituents who elected the MCND#1 commissioners soon realized that government, by those elected by the people, benefitted the community in a number of ways. The Marine Center Classroom building was constructed during this time and Texas State Marine Education Center, with the Hulen House as its historic centerpiece, was born. A committee of concerned citizens, including Navigation District commissioners, wooed the Texas State Technical College to the campus and often supported the college's educational endeavors.

MCND#1's Board also set up an agreement with the State to help clean its harbor. The Texas General Land Office has long been a champion for clean harbors and the elimination of "mystery spills" along the Texas coastline and in its harbors and bays. In 1998, the TGLO built one of the first of a series of bilge water reclamation facilities on the Texas coast at the Port of Palacios. The facility and the free bilge pump out service offered by the Port quickly made the facility one of the most prolific in the State. By 2011, the Port had removed 1.2 million gallons of oily bilge water from Port vessels, safely recycled 531,000 gallons of used oil and removed 31,000 oil filters. This effort won the Navigation District the TGLO's 2011 Gulf Guardian Award, acknowledging the efforts of the Port and its businesses.

The Port's operations steadily increased, jobs were plentiful on the docks and District commissioners again found themselves being plied with requests for more dock space. Positive public support swayed a bond election and soon the plan for a fourth turning basin was taking shape. The plan was a challenging one and included a decision to go with an "L-shaped" basin or to take in even more property for a "T-shaped" basin. After much back and forth, a conservative "L-shaped" approach was adopted and Port Director William Turner delightedly accepted deposits for dock rental in Turning Basin No. 4. The old harbormaster's office and grain elevators were dismantled to make room for the project and a new Port Administration Building was built. However, it would be six long years before the first shovel of dirt was dug.

In the years between the bond election for the new basin and its eventual construction, Palacios' shrimping industry endured a stretch of poor economic returns like none in recent history. The slump was attributable to many things, including poor harvests, the cost of fuel and the ever-growing influx of imported shrimp. The Navigation District was sympathetic to the shrimpers' plight and adjusted rents downward for five of the six years. It was this strategic move by MCND#1 Commissioners that contributed to the ability of a number of the "fish houses" to remain afloat during those difficult years.

Native Palacians, tourists and even walkers from the nearby RV Park made a routine of stopping by the "big dig" as the excavation of Turning Basin No. 4 came to be known. Trackhoes, backhoes and dump trucks were in constant motion for months as the basin took its form behind an earthen dam separating it from Turning Basin No. 3. In October 2008, the dam was carefully released and what a thrilling site it was to see the bay slowly flood the new harbor! The new dock waited for its new tenants and slowly, they came forward until finally, the harbor was fully leased.

Texas State Technical College, meanwhile, fell under a mandate from the State calling for a significant reduction in college and university budgets. The campus, even after a recent revival in student enrollment, had no choice but to pack up and retreat to its other campuses. Since then, the Hulen House has continued to attract students from all over the region to its PISD-sponsored marine education curriculum and the Palacios HUB recently took over most of the classroom building for continuing education and job training classes.

It has been said that "the only constant in this world is change" and, in 2006, the port's main reliance on shrimping industry revenue was diversified by the construction of a barge and tugboat manufacturing facility which took over the location of the Palacios Shipyard. 2009 saw the first female port director, Debbie Morris, hired from within to manage the Port of Palacios and MCND#1 properties. And, in 2010, after petitions from

taxpayers and much deliberation, Navigation District commissioners were successful in appealing to the Texas Legislature to allow expansion of their Board from three to five.

For all their changes, Matagorda County Navigation District No. 1 and the Port of Palacios remain today, as they were in the early part of the 20<sup>th</sup> century, an important partner in the city's future development. The channel from the Gulf Intracoastal Waterway continues as the lifeline for a traditional industry that manages to thrive despite the challenges of the 21<sup>st</sup> century. And those entrusted with the assets of the District continue to strive to fulfill the mission of MCND#1 and its duties to constituents. Happy 75<sup>th</sup> Birthday, Matagorda County Navigation District No. 1 – you are wished a bright future! Palacios is depending on it.

Debbie Morris