

## RICHARD BLUDWORTH

00:00:26

Born in Houston in 1948, Dad and uncle operated tugs and barges on the Houston Ship channel. Started in business after WW 2. Built their own boat. Built own boats and barges till the 1990s. Have two children, One in San Antonio, the other in Hawaii.

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Family came over from England in early 1800s. Moved from Louisiana to Rockport, TX. Just raising children, fishing, mechanical work, rebuilding a few boats. Raised 7-8 children. Moved stayed involved in boat operations. Father grew up in Galveston-Houston area, served in WW2. After that he and his brother built a boat from a landing craft. Took the landing craft hull and built a tug boat out of it. Decks, and houses. additional engines etc. Used the extra engines to push barges with.

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Built boats and operated boats. They operated barges for themselves. Self taught, entrepreneurial and had creative minds. Eventually went out of business and sold all the equipment and retired out of the business. 1946 through early 90s. By the time they had a business in the 90s, there was a considerable amount of regulation in the industry than when they started. When they started it was all almost unregulated. Had 3-4 ocean tugs and ocean barges that transported mostly bulk liquids in US and foreign trade. Traveling all the way to South America, Africa, Europe. Did not ever build boats for others.

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3-4 brothers or cousins that started Bludworth Shipyard on Brady's Island after the war and they built boats for others. Were in business during the same time period. All friendly competitors. Most of the ship yards are still friendly.

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Dad and uncle worked for Bud Adams, Dow Chemical, Worked on small jobs every summer from 14 years of age. Then, boats were still running inland, from Sweeney, TX to Corpus Christi. Would load barges with crude oil, discharge oil. Was assigned to do the same work everyone else was doing. No special treatment as the owners son. Worked from 14 up through high school, was out of business for 8 years and got back in the late 70s.

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Went to Texas Tech, in Lubbock, TX. Degree in business and worked for Continental Airlines. Then went back to work for Dad and Uncle. Then had 30-40 people. Was in charge of running, crewing and maintaining and handling regulatory business on 3-4 ocean tug units. Did everything but deal directly with the customer.

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Uncle got into financial trouble, had to declare bankruptcy, took the company down, was dismantled, went to work for another marine transportation company in the early 90s. Worked for Martin Gas Marine, Acquired offshore equipment. Always had side businesses. While working for Martin Gas, ex employees of father needed work. Put them to work doing misc repairs for companies including Martin Marine, Started Bludworth Marine while working for Martin Marines. Left after 2 years. Martin Marine owns boats and barges, Bludworth Marine repairs boats and barges.

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Started the company with a few people doing odd jobs, Built the company from a half million to 5 million and then started over in Houston, running about a half million a year in sales. Work on inland tugs, offshore tugs and barges, ships, do a lot of work on pumping and machinery, rotating machinery, overhaul pumps, build connection systems, represent a Japanese company that builds articulated tug barge units.

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Business is cyclical, transportation and repair side either very good or very bad. Not much in between. Have tied it to the auto and housing industry, Recent year US inventory has affected it. Housing and Auto drives Plastic and production, petroleum and chemicals, that moves marine equipment and repairs. Inland barges only trade in protected waters - rivers, bays, lakes etc. Small waves, not a lot of winds, they connect with wires and ropes. Offshore equipment is towed on a long wire. Wench on stern of the boat, long wire that stretched out to the barge and then pulled the barge from the stern of the boat. Connection system is mechanical,

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In the 1970s, both Dad and uncle built a connection system that they patented, engineered, designed, built and sold. Then only other commercial system was the Arta couple system built in Japan. Only viable systems. Some other reconnection systems did quite well and command a large percent of the market now. 2000- another system developed by the Finnish - Scandinavian company that developed a system that has done well in the market. 4 major companies producing articulated tug barge system.

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Physical layout and the equipment in each of the sites and the experience of people running the site really drives the customers. Variety of factors that produce the kind of work a location can do. All share insurance, admin, overhead, risks and employee base to keep all of them functioning as efficiently as possible. Allowed to compete in a way lot of other people don't. Still do a lot of topside on sight repair work. Send out mobile crews on a regular basis. Never dropped that niche.

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Focal point in this business has been the degree of experience that is present in the org. (Talks about people who have worked with company for years).

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No master shipbuilders. Marine engineers and naval architects. Taken the place of master builders. some have engineering training. Most employee are self taught. Most do not have college education. But very good at what they do. That is changing rapidly. Very few people stay in the business for long. Some people go to school and specialize in marine engineering or architecture that like ships at sea and vessels and take engineering knowledge and apply it. Don't have enough young people looking for them. Trying to train some young people.

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Training programs. Locally, Galveston A&M, is a marine training college. A few colleges on the East Coast have provided most of the Marine professionals in the last 30 years. Most of the high school program have been funded by people within the industry. Huge business base that revolves around the port and water transportation. Hidden industry because of all the regulations and security. Learning the business has become that much more difficult. Learning about the industry and the opportunities now is more difficult.

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TWIC card. Transportation worker Identification Card was a knee jerk reaction out of 9/11 to control security at airports that nobody used. Still need airport security card to take other people in. Additional cards that are necessary and need to be maintained. Some places need three cards to get in. Cab drivers, container operators, forklift operators, all need to get a TWIC. Everyone that wants to go to the Port of Houston needs a card, but also needs to have a Port of Houston card and a place specific card.

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Wanted to fly jets, when eyes went bad, opted out of the air force. Ended up with a business degree. Helped dad and uncle with the job. That's how ended up at the Port.

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Bought first used dry dock 5 years ago. Hurricane Ike put three waterfronts under water, destroyed equipment, no sales for three months. Started dry dock in 2009. Launched in 2010. two dry docks in Orange. Bigger boats means bigger jobs means more income in the same period of time. different pieces of equipment to handle different sizes of vessels.

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Sites are spread out because it is hard to find real estate. Prices are very high. Business does not generate enough volume to competitively use that property. Deep water access

land is expensive because of access and prices are not feasible. Land in Channel view was relatively inexpensive until recently. Lot of waterfront area, all in old run down neighborhoods which meant reduced pricing, more practical. Problem with CHannelview is water is very shallow, Cant get a deep draft vessel. Limited to working with inland boats and barges.

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Todd Galveston, closing down in the 80s. Marine repair work. Houston - public land in the Houston ship channel and there is private land. Port of Orange, very pro industry, brought lot of business to them. Had a lot of unused property and was able to fit the mold that they were looking for. Leased property from Port of Port Arthur. Lucrative and efficient jobs. 350ft vessel in Houston or Galveston will cost \$3-5 per foot per day.

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Go to Galveston, Houston, Port Arthur, Orange, and lease dock space, bring a ship in, do the job and put the rent in the job, customer willing to pay it. Thus competing with larger shipyards. Mobilize and demobilize.

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In 2005, ship was offloading steel ingots. Ingots were 40 ft long, 8 in thick and 6ft wide. Chain broke and ingot fell, punched a hole through the cargo tank and was lodged like a knife blade. Got a call for some pumps. Took some pumps down there at 5pm. By midnight was able to come up with a repair scheme and got the job. 3-4 weeks repairing. 2009 - gone 3 months without work, Hurricane Ike had destroyed all facilities. In January was able to talk to some people on a container ship. Put some pricing together at Port Arthur. Ship came in a week later and three weeks later had completed the work. THis entailed moving entire workforce to Port Arthur, set up a catering service, work two shifts around the clock for 4 weeks. Million dollar job. Rented the port from the Port of Port Arthur, rented dock space, rented the Port owned crane for heavy container lids. Large onsite job.

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Ike put Houston and the Golden Triangle under water. Very unusual to see such a large area under water. 3-4ft of water. Lost equipment, infrastructure, filled in some holes for dry docking, just started Orange facility. Took clean up crews a week to clear the debris. Hundreds of snakes. Had 150 employees. Kept most employees. Up until then had 5 yr. double digit growth. Had a nice cushion of cash. Then economic downturn, BP oil spill. Went from a 170 people to 40 people. Almost all hourly welders and fitters were gone. Kept the entire management and admin staff. Managed to ride it through till business started coming back.

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Work with very low insurance. Did not apply for Hurricane insurance. Could have applied for BP money. Chose not to. "Basically against government handouts but will take it if they put it front of me."

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Ocean transportation is one of more efficient ways to move large amounts of products. As long as economy is running, going to need it. Probably will be one of the last industries to shut down. In the Marine repair business, company is in the 25 percent percentile. There are some smaller businesses. Very low margin business. Unique aspect, there are multiple small locations. Most other yards don't do it. Constantly looking for niches to get into. Entered the pump repair business 5 yrs ago, had a change to hire some people. Built a good business around that. Blasters and painters. Instead of adding locations, been adding specialties. Orange is the most versatile. Channelview is inland tugs and inland barges. Houston - pumps are headquartered in Houston. Do some fabrication work. Crane pedestal being built.

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220 people in workforce. 30 admin support people. Offshore on boat, live on boat and pay per diem. Private launches to get people in and out to boats. Will get supplies and equipment also. Ship concierge. Folklore name. Derogatory term because very difficult the action. have not been very successful getting business through agents.

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Agent relationship. Competitor used to work for cousins. Started a business, based on one company, knows one port engineer, every time a vessel comes to Houston, knows 3-4 people who go down to the vessel. Entire company of 4-5 people working for one customer, one port engineer.

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Vessels come and go, trading patterns change. Have done a dozen jobs at one time and never worked for those people again. Most business is with repeat customers. Most of the growth is from getting additional repeat customers. Top customers - Martin Gas Marine, Crawley Maritime out of Seattle. Have not built any new boats, only barges. Have not built tugs. More difficult to do and get a profit out of.

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Southwest Shipyard. Sanjay Rao part owner of Southwest Shipyard. Built three boats for Martin Marine. Story of Southwest Shipyard. Tough competitor. (Paused tape)

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One of the most unusual things about the port industry is how small the world really is and how many people you can run into over and over again. (Pause tape at 01:33:36)

(Tape resumes)

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Houston has a lot of good business. Daughter is in the police force in San Antonio and son is an FBI agent. But both have agreed to be a part of the Board.

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Love the industry, fascinated while growing up. Had a great time hanging around the ship yard. Big boats, big toys. Fascinating business. People that do get in do not get out.

(PAUSE TAPE)

(RESUME TAPE)

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Talking about the environment in the Houston ship channel, water quality and air quality. At 4-5, knew a person who used to stay on his houseboat from time to time. He had a cat that fell overboard. Cat's skin burned off his body and had raw burn spots all over its body. Somewhere around 1950s. Ten years ago they had manatees swimming in the water. AN example of how much Houston ship channel has cleaned up in the last few years. Earlier could hardly breathe because of the sulphur fumes that used to waft from Brady's Island in the 60s.

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Shanghai reds. Also Greek restaurant off Clinton Drive - Athens Bar and Grill. Greeks off the ships used to dance on the tables. Could get marinated octopus to eat. Hickory Stick Barbecue where people in the marine industry went for lunch everyday, Dinner Bell restaurant. Very small cafeterias. Right across the street from Dinner Bell was Chuck Wagon. Got torn down only three years ago. San Jacinto Inn. Monument Inn. On Telephone Road - place called Pressure Cooker because ladies would put the food in pressure cookers so they could hang out at the spot all day.