

Soundings

Safe ♦ Responsible ♦ Reliable ♦ Efficient

JANUARY 2008



Wheel House Management System

Exciting changes are in the works at Harley Marine, since early December two tugs in the HMS fleet have been testing the new Wheel House Management System --- a computer program that digitizes the process of inputting tug logs and forms. In replacement of the old paper log, both the Ernest Campbell and the Millennium Falcon have been entering and transmitting their daily tug log into the new computer system. The new program seeks to achieve some lofty goals, including: instant transmission of logs into the main HMS office without scanning, simplified and more accurate reporting for the boats and management, a standardized log for all HMS companies, a constantly up-to-date digital boat tug and barge schedule, and best of all a more timely turn around on payroll for the crews.

With new software comes new hardware, bundled with the new programs comes a cutting edge modern computer with a complete pen-based touch screen and a faster internet connection. The trial is just finishing up for the Ernest and Falcon and HMS hopes to begin roll-out of the program fleet wide late in the first quarter of 2008.

Thank you to the hard working crews of the Ernest Campbell and Millennium Falcon for putting the system through its paces and giving excellent feedback on ways to improve the system for the entire fleet.

JANUARY

HOLIDAYS

1ST—NEW YEARS DAY
(HMS OFFICES CLOSED)

21ST—MARTIN LUTHER
KING JR. BIRTHDAY
(HMS OFFICES CLOSED)

THUMBS UP

• *I would like to give a "Thumbs Up" to the crews in Southern California for all of their help on the Lovel Briere this past month.*
Sven Christensen

• *Thumbs Up to Robin Houghton, Louis Mungaray, Mishael Romero, Paul Tokuda, Bryon Fletcher and Lauren Ranes for helping the accounting department get the year end billing done so quickly—they were even working on New Year's Day to help us out. Thanks!!*

BE PREPARED FOR WINTER DRIVING

The best advice for driving in bad winter weather is not to drive at all, if you can avoid it. Don't go out until the snow plows and sanding trucks have had a chance to do their work, and allow yourself extra time to reach your destination.

If you must drive in snowy conditions, make sure your car is prepared and that you know how to handle road conditions. It's helpful to practice winter driving techniques in a snowy, open parking lot, so you're familiar with how your car handles. Consult your owner's manual for tips specific to your vehicle.

Take a few minutes to make sure your vehicle is ready to roll before the weather turns cold.

Battery: More power is needed from the battery in cold weather. Check your battery to ensure it is at its peak performance. Make sure that the connections are clean and tight. Check the cables for corrosion.

Belts & Hoses: Replace any cracked or frayed belts or bulging hoses.

Fluids: Check your radiator antifreeze/coolant or have someone qualified do so. Use oil rated for winter use (check the manual for a guide). Consider synthetic or semi synthetic engine oils. The synthetic oil performance excels in extreme cold or hot conditions.

Windshield Wiper Blades: If you haven't replaced them in the last six months, it's probably time to do so. Keep your windshield washer reservoir filled with washer fluid rated for winter use.

Fuel: Keep your fuel tank full. This will help minimize the chance of water condensing in your fuel tank that could lead to fuel lines freezing. The extra weight seems to provide more traction on slick roads.

Tires: Check the tread. They may be legal (can't see the top of Lincoln's head on a penny inserted into the treads), but will they provide adequate traction on ice or snow? Get yourself an early gift; new all weather tires, maybe even studded all weather tires! Check tire pressure regularly, like every time you fill up the fuel tank.

Windows and Mirrors: Make sure your defrosters are working properly. Carry an ice scraper/snow brush. Always clear the frost and snow off all windows and mirrors to ensure clear visibility. Keeping a can of deicer in your vehicle makes this a much easier job.

Spare Tire: Check to be sure the spare is properly inflated. Locate your wheel wrench and tire jack. Make sure that work.

Be Prepared: Carry jumper cables, tool kit, a flashlight (including extra batteries and bulb), reflective triangles or flares, a small shovel, a bag of sand or kitty litter, a blanket, extra winter clothing (no cotton, wool is wonderful, include winter boots and a hat), tire cables or chains, compass, waterproof matches, fire starter, drinking water, a few energy bars, a whistle and a first aid kit and know how to use them.

Driving on Snow or Ice:

- Decrease your speed and leave yourself plenty of room to stop. You should allow at least three times more space than usual between you and the car in front of you.
- Brake gently to avoid skidding. If your wheels start to lock up, ease off the brake.
- Turn on your lights to increase your visibility to other motorists.
- Keep your lights and windshield clean.
- Use low gears to keep traction, especially on hills.
- Don't use cruise control or overdrive on icy roads.
- Be especially careful on bridges, overpasses and infrequently traveled roads, which will freeze first. Even at temperatures above freezing, if the conditions are wet, you might encounter ice in shady areas or on exposed roadways like bridges.
- Don't pass snow plows and sanding trucks. The drivers have limited visibility, and you're likely to find the road in front of them worse than the road behind.
- Don't assume your vehicle can handle all conditions. Even four-wheel and front-wheel drive vehicles can encounter trouble on winter roads.

If your rear wheels skid...

- Take your foot off the accelerator.
- Steer in the direction you want the front wheels to go. If your rear wheels are sliding left, steer left. If they're sliding right, steer right.
- If your rear wheels start sliding the other way as you recover, ease the steering wheel toward that side. You might have to steer left and right a few times to get your vehicle completely under control.
- If you have standard brakes, pump them gently.
- If you have anti-lock brakes (ABS), do not pump the brakes. Apply steady pressure to the brakes. You will feel the brakes pulse -- this is normal.

If your front wheels skid...

- Take your foot off the gas and shift to neutral, but don't try to steer immediately.
- As the wheels skid sideways, they will slow the vehicle and traction will return. As it does, steer in the direction you want to go. Then put the transmission in "drive" or release the clutch, and accelerate gently.

If you get stuck...

- Do not spin your wheels. This will only dig you in deeper.
- Turn your wheels from side to side a few times to push snow out of the way.
- Use a light touch on the gas, to ease your car out.
- Use a shovel to clear snow away from the wheels and the underside of the car.
- Pour sand, kitty litter, gravel or salt in the path of the wheels, to help get traction.
- Try rocking the vehicle. (Check your owner's manual first -- it can damage the transmission on some vehicles.) Shift from forward to reverse, and back again. Each time you're in gear, give a light touch on the gas until the vehicle gets going.



Good Morning from LA!
Photograph taken by Andre Nault

December New Hires “Welcome to the Team”

Olympic Tug & Barge

Stephen Berets, Engineer
Marc Debley, Mate
Eric Fisher, Deckhand
Kelly Shipley, Deckhand

Pacific Coast Maritime

Curtis Garrison, Deckhand/Cook

Westoil Marine Services

Jonathan Batts, Deckhand

2008 Holiday Schedule

Holiday	Day
New Year's Day	1/1/2008
Martin Luther King's Day	1/21/2008
President's Day	2/18/2008
Easter	3/23/3008
Memorial Day	5/26/2008
Independence Day	7/4/2008
Bloody Thursday, day after 4th of July	7/5/2008
Labor Day	9/1/2008
Columbus Day	10/13/2008
Veteran's Day	11/11/2008
Thanksgiving Day	11/27/2008
Day After Thanksgiving	11/28/2008
Christmas Eve	12/24/2008
Christmas	12/25/2008

NOTE: Holidays vary between companies; please see your Human Resources Department for a copy of your company's observed Holidays.

Check out our website,
www.harleymarine.com



Joe Hoats and his daughter, Pearl visit WHQ. Everyone loved her leopard print jacket and her bubbly personality.

January Anniversaries

Harley Marine Services

Amy Ryker—8 years
Christine Mershon—1 year

Harley Marine NY

Raymond Churchill—1 year
Elijah Collins—1 year
Shane Harris—1 year
Rexford Nunemaker—1 year
Helen Sun—1 year

Millennium Maritime

Marco Vuoso—7 years

Olympic Tug & Barge

Andy Borowski— 16 years
Kirk Bonnin—13 years
Jeff Rickard—11 years
James Kenney—2 years
Derrick Hobbs—1 year
Johnny Parckys—1 year

Pacific Terminal Services

Burton Nye—28 years

Westoil Marine Services

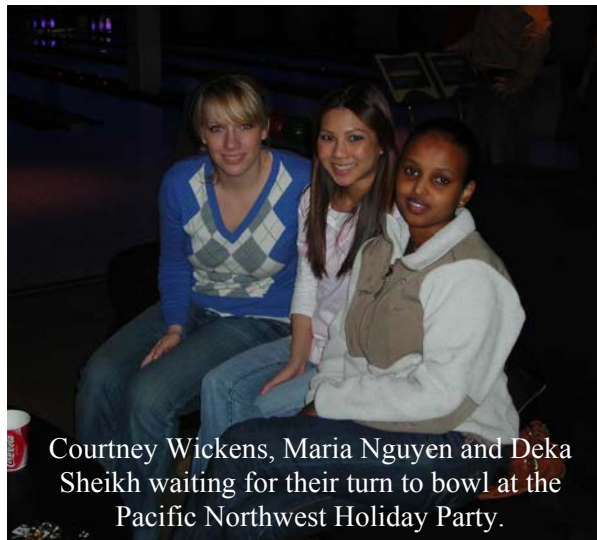
Phil Roberts—15 years
Aaron Wells—15 years
Brian Vartan—9 years
Matthew Drake—7 years
Jason Rittgers—7 years
Alexander Cohen—1 year

Happy Anniversary!

HOLIDAY PARTIES AT HMS



Los Angeles celebrated with a beautiful barbecue picnic outside. Local customers and all employees were invited to join in the festivities.



Courtney Wickens, Maria Nguyen and Deka Sheikh waiting for their turn to bowl at the Pacific Northwest Holiday Party.



Keith Barnes, Dave Larson and Doug Lennon enjoying lunch at ACME Bowl in Seattle.

Lovel Briere Receives First Award

It's my pleasure to announce that the Lovel Briere Barge has been selected as the winner of the George Campbell Award.

The George Campbell Award recognizes "a single, recent, outstanding achievement in the completion of a difficult or complex industrial coatings project completed within the last year".

The qualities that may represent achievement in a difficult or complex structure could include work occurring in harsh or extreme environmental conditions; work completed under strict time constraints, limited access, or in high traffic areas; a structure with complex structural components; or coordination with multiple trades or sub-contractors.

The award will be given at the SSPC Annual Business meeting at the PACE 2008 Conference in Los Angeles, CA. The Annual Business meeting is held on Sunday, January 27, from 4:00 pm to 5:30 pm in the Los Angeles Convention Center.

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"Lookin' good, Frosty!"

January Birthdays

Birthstone: Garnet

Flower: Carnation & Snowdrop

Harley Marine Services

Deka Sheikh—1st

Michelle Belben—9th

Alexis Wood—13th

Harley Marine NY

Raymond Churchill—15th

Millennium Maritime

Matthew Hathaway—10th

Jason Lorenz—12th

Bob Castagnola—19th

Grant Hedley—21st

Olympic Tug & Barge

Thaddeus Galey—1st

James Kenney—3rd

Rosalio Castro—5th

Bryon Fletcher—6th

Larry Gladsjo—6th

Gary St. Luise—9th

Richard Gonder—10th

Christian Foss—10th

Henry Torgramsen—10th

Pete Sotelo—13th

Garri Ferguson—20th

Christopher Diecks—20th

Matthew Hammond—21st

Zach Farmer—22nd

Richard Middleton, Jr.—26th

Robert Higa—27th

Pacific Coast Maritime

Paul Cagle—22nd

Public Service Marine

Mark Sanders—1st

Doug Montgomery—5th

Brandon Brodecki—9th

Starlight Marine Services

Stephen Fagundus—2nd

Jack Matievich—12th

Hal Eltzroth II—18th

Westoil Marine Services

Andre Nault—1st

John Nickels—1st

Eric Distefano—19th

DEPARTMENT OF JUSTICE RULING IS IN — MARTIN A. KAPP BARRED FROM CLAIMING SO-CALLED MARINER'S TAX DEDUCTION

(provided by Money Matters, a newsletter from Transport Workers Tax Service, LLC and CFS/Retirement & Tax Solutions)

WASHINGTON— A federal judge in Los Angeles has barred Martin A. Kapp, a certified public accountant from El Segundo, CA from preparing federal income tax returns claiming a so-called mariner's tax deduction, the Justice Department announced August 22nd 2007. The permanent injunction was entered by U.S. District Judge George Schiavelli of the Central District of California.

The court found that Kapp prepared returns for mariners nationwide, improperly claiming deductions for the costs of meals when their employers had given them free meals. The court said Kapp "knew or should have known" the deductions were illegal.

"The court ordered Kapp to give the Justice Department a list of names, addresses, e-mail addresses, and Social Security numbers of customers for whom he claimed the deductions. The judge also ordered Kapp to post a copy of the permanent injunction on his Web sites for one year. More information about this case is available at www.usdoj.gov/tax/txdv06213.htm.

WHAT MIGHT THIS MEAN TO YOU?

We have stressed for years in our previous newsletters, seminars, website, etc. that as a mariner you are not eligible for the 'M' portion of the M&I rate (Meals and Incidentals) when they are provided by your employer. This includes on board meals.

IRS Code Sec. 274(n)(2)(E)(i) allows companies that are required by federal law to provide crew members food or beverages the ability to deduct 100% of their costs.

As you can see, the Code strictly covers the COMPANIES that provide the meals. The Internal Revenue Code clearly states that you as a 'crew member' cannot deduct meals provided by your employer—whether at sea, in port, or dry dock. Only incurred meal expenses are deductible.

The detailed judgment and permanent injunction located on our website at www.transport1040.com states that "The United States may recover its costs". As noted earlier, the court ordered Kapp to give the names, addresses, and social security numbers of all customers dating back to January 1st 2000 within 21 days of this ruling or September 10th 2007. For example, by taking the full meal deduction, a mariner who sailed for 180 days may have understated his return by approximately ± \$1,500 per year. Times that by a consecutive 3 years and you could be looking at close to \$5,000 in back taxes! This does not include any possible interest that may apply or any additional findings that may come from a possible audit.

Substantiate your expenses by keeping good records—fill out a travel expense log which substantiates place and purpose and save your receipts. Note: properly recorded expenses less than \$75 per incident do not require receipts, but it is always better to have both.

And last, but not least, use a preparer that follows IRS guidelines, fully substantiates all deductions with IRS publications, and won't put you in a bad situation with the IRS.

Q - Factor by Captain Jim Caspers**Director of Quality Systems****Harley Marine Services, Inc.****Marine Operations Manual Revisions**

You will be receiving new revisions for the Marine Operations Manual in the near future. These are “controlled documents” and as such are required to be managed in a detailed manner. This assures that all vessel crew and staff use the latest policy and guidance. Outdated documents must be removed from the vessels and management offices. The following instructions will guide you through the process of updating your Marine Operations Manual.

- Step 1 Verify that the manual number and revision package number match.
- Step 2 The package includes the following items:
- Document Change Memo** – A cover sheet that lists all items in the package, signed by the person updating the manual and returned to the office for tracking after the update is completed.
 - Document Record of Change** – A list of new revisions for the manual including the following information: document name, reason for change, revision number, revision date and the signature of the manual reviser. *Prior “Document Record of Change” sheets must stay in the manual.*
 - New/Revised Policies** – These are the different sections that need to be updated in the manual.
- Step 3 Verify all policies listed in “Document Record of Change” are in the package you received.
- Step 4 Use your “Document Record of Change” sheet as a check list for updating your manual.
- Step 5 Remove the first obsolete section and replace it with the new revised section. Ensure that all pages are accounted for. Repeat this process until all revised sections have been updated.
- Step 6 Sign off the revisions as you replace them.
- Step 7 Place new “Document Record of Change” sheet in the front retaining the old “Document Record of Change.”
- Step 8 Sign and date the transmittal sheet “Document Change Memo” and return with the obsolete policies/forms.
- Step 9 Review the new updates and changes with your crew members in the next safety meeting. It is imperative that everyone is aware and understands the new policies and follows them.

QSMS - Q & A

What is a “Controlled Document”?

A document published by the company with: title, number, edition & date.

Why is document control important?

It ensures that all persons are using current official company policy.

Are controlled documents always company issued?

No, controlled documents may be third party documents including Service Manuals, Technical Bulletins or Regulatory. These must be kept updated as well.

Where do I send the Document Change Memo with the obsolete documents?

Jim Caspers or Rosie Chavez

December Employee of the Month

Todd Johnston

Olympic Tug & Barge

The Olympic Tug & Barge employee of the month for December is Todd Johnston. Todd has been with Olympic Tug & Barge since 1997, and has worked as both an Engineer and Tankerman on the Alyssa Ann for a majority of his tenure. During the month of December Todd repeatedly gave 110% in assisting with crew shortages, even going as far as postponing his family holiday celebrations to help on the Pacific Falcon. Thank you Todd for all of your help over the past month!

Bryan Wynn

Starlight Marine Services

Bryan Wynn has been the Chief Engineer aboard the Millennium Falcon since March. Within that time he has proven his skill level in assisting the Port Engineer with numerous issues and repairs resulting in a solid turnaround of the mechanical side of the Millennium Falcon. Over the past 9 months Bryan has volunteered on numerous occasions to work extra and see these projects through. Whether it is volunteering his time off or working throughout the night to get the boat back online, he is always willing to step up to the plate. Bryan is a Chief Engineer with over 30 years experience in the Maritime Industry and it shows. Thank you for all of your hard work and dedication to seeing the job through Bryan.

Anthony Meyers

Millennium Maritime

Millennium Maritime would like to recognize engineer Anthony Meyers as December's employee of the month. Anthony has been an engineer for MMI since its inception in 2000 and takes pride on any vessel that he is assigned to. Most recently, Anthony has been doing a professional job painting the Tim Quigg. The boat looks as good as the day she was launched!

John Maciel

Public Service Marine

John Maciel, one of our shoreside tankermen, is deserving of December's employee of the month. John has applied himself to learn the Vapor Recovery Unit on the barge Jovalan, continues to excel as a tankerman, volunteered to take the place of a tug crew member on short notice (while he did not have to go, he was the first to volunteer) and has one of the most positive attitudes of any of our field staff. Congratulations John!

Congratulations to all of you, keep up the good work!

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