

Soundings

Safe ♦ Responsible ♦ Reliable ♦ Efficient

JUNE 2008

Harley Marine Goes Green!

There was a lot of enthusiasm generated last month from our formal announcement of going green. There were many thoughtful and creative suggestions sent in from all areas within the HMS companies. Thank you to everyone who submitted suggestions, thoughts and ideas. The five prizes for best green suggestions will be awarded to: Adam Goodfellow (OTB), Matthew Fike (SMS), Summer Connolly (SMS), Doug Montgomery (PSMI) and Ron Rustad (OTB). Since the response was so great, we will be giving *Harley Marine is Going Green* caps out to the following people who also submitted great ideas: Christine Mershon (HMS), Neil Billingsley (OTB), Anthony Lobro (WMS), Tug Eagle (OTB), Larry McCormick (OTB), Stephanie Wright (HMS), Mishael Romero (MMI), George Thoreson (OTB) and Rosie Chavez (WMS).

The HMS Green Team was put in place and will be referred to as the Environmental Management System Team, representing all regional areas of HMS marine operations. The team will be assisting in developing, implementing and maintaining our Environmental Management System Program (EMSP). The EMSP will be integrated with our current Quality and Safety Management System.

During the month of June, the EMSP Team will be conducting a review to determine environmental aspects and impacts for the following areas in each region where appropriate:

- ♦ Office(s)
- ♦ Shop(s)
- ♦ Tug(s)
- ♦ Barge(s)

After the review is completed, in our effort to seek continual improvement and participation, we will again ask for ideas and suggestions for environmental aspects and potential impacts that we may have overlooked. Thank you for all of your continued support and efforts towards improving our environmental program.

Deborah Franco

Vice President—Human Resources / Administration

JUNE

HOLIDAYS

- 14TH—FLAG DAY
- 15TH—FATHER'S DAY

THUMBS UP

- I would like to thank Captain Steve Higgins and Chief Engineers John Bearden and Michael Castagnola for all their hard work in the dry-docking of the tug Millennium Maverick. They worked closely with ABS in the certification of the Load Line and the cleaning and prepping of the tug for harbor operations. We all know that these things are expected of our crews and that it is their jobs, but working alongside men with positive attitudes and a hard work ethic is a pleasure.
- Thumbs up to the entire PTSI Portland Terminal crew for working around tank 5 while it was cleaned, inspected and repaired. The project was bigger than expected and Jack Wild did a great job working with the contractors to get the tank back into service promptly. Thanks!

Kaboom—A San Francisco Treat

Starlight Marine Services held its annual Kaboom celebration on Saturday, May 10th. As we had hoped for and promised to all, the event was spectacular. We stayed shore side this year to accommodate some very special additions to the occasion: guests were greeted with live musical entertainment, delectable eats, libations and the much celebrated artwork by Jan Tiura.

We were pleased to have representatives from both Millennium Maritime (Paul Tokuda, Grant Hedley, Lou Mungaray & Trent Newlon) and HMS (Stephanie Wright) in attendance. These individuals along with our customers, vendors, friends and family truly made this event our most special yet. More important than the fireworks (which were but a faint backdrop through the thick fog from our dock) was that this event allowed us the opportunity to introduce our new location and General Manager, Capt. Jonathan Mendes.

Whether listening to Jonathan offer a few promising words about the future of our business, enjoying songs from various generations of music, eating out of cocktail glasses filled with mashed potatoes and black caviar, sitting by a warm fire pit, laughing with old friends, meeting new ones, viewing maritime photography and the list goes on...Kaboom was as dynamic and worthy as the guests in attendance.

In summation, the event demonstrated the kind of quality program Harley Marine strives for. I am thrilled that our colors of camaraderie, class and genuine appreciation for the people that make it possible were the brightest lights of the evening.

Thank you to everyone who contributed to the events' success!

-Lauren Raney



Olympic Spirit

Tank Testing at the University of Michigan at Ann Arbor

A hull model of the Olympic Spirit was used for tank testing last month at the University of Michigan. The model was tested with several different skeg configurations along with an ATB stern to determine what type of configuration is best for increased speed on the Olympic Spirit. A complete report is being developed and will be forwarded to Harley Marine for planning purposes.

From top to bottom:

Picture # 1—Olympic Spirit Hull fixed with an ATB Stern

Picture #2—Olympic Spirit Hull in the water tank preparing for tests

Picture #3—Different Skeg being attached to the Olympic Spirit hull for testing

Picture #4—Olympic Spirit Hull undergoing tests in the tank



Safety Corner

Situational Awareness

What is Situational Awareness? As defined in the Wikipedia Encyclopedia:

At its core, situational awareness (SA) involves being aware of what is happening around you to understand how information, events and your own actions will impact your goals and objectives, both now and in the near future. Lacking SA or having inadequate SA has been identified as one of the primary factors in accidents attributed to human error. SA is especially important in work domains where the information flow can be quite high and poor decisions may lead to serious consequences (e.g., piloting an airplane or vessel, functioning as a soldier or treating critically ill or injured patients).

Having complete, accurate and up-to-the-minute SA is considered to be essential in any domain where the effects of ever-increasing technological and situational complexity on the human decision-maker are a concern. Indeed, SA has been recognized as a critical, yet often elusive foundation for successful decision-making across a broad range of complex and dynamic systems.

About the only good thing about driving in LA traffic is that it gives you time to think. I use my drive as either a time to unwind from my stressful day or to prepare and plan for the day to come. One morning while waiting at a light before getting to the freeway, I watched several cars follow each other through a yellow then a red light. The last lady through the light tried several people's patience and she got the prolonged blast from their indignant horns. I started to wonder if the rush through the light was planned or if several of the cars were just following the leader, unaware of the situation and the potential danger. *Situational Awareness*—that would be a good topic of discussion for the drivers on the 110 Harbor Freeway.

During the same drive, I also started thinking back to when I was 17 living on Kodiak Island. I had gone down to one of the cannery docks to meet a skipper for an interview as a deck hand on a large steel crab fishing vessel. Once onboard, I realized I stood among several other prospective crab fishing want-to-be's, I stood in the corner of the wheel house as the vessel pulled away from the dock to head back to the boat harbor where the boat docked while in port. The Captain spoke to the group as he walked the boat sideways away from the boat he had been tied outside of, it was close quarters and being winter, it was dark outside with light snow.

This was a time in the fisheries when everything was on the increase—the early beginnings of a crab and shrimp fishery were taking off which would eventually boom and become the glory days. There were at least 20 operating canneries, cold storage plants and processor plants and about 1,000 fishing vessels were home ported there. As I remember, there were at least a third of them moving around that evening. The Captain continued to talk to us (seeming not to notice the vessels moving all around him) as he swung his stern around missing other boats by what seemed like inches. We wound our way past several canneries and past numerous vessels on the way back to the harbor while the Captain expounded on the pros and cons of crab fishing and what we may be getting ourselves in for if we were chosen to go to sea with him.

Once in the small boat harbor, the Captain coaxed the boat into the impossibly tight slip without touching anything. All these years later I can't remember exactly what all he said, but what I do remember was how I marveled at the skill he possessed and the seemingly impossible maneuvers he accomplished without appearing to notice what was going on around him. It wasn't until a few years later after learning the ropes, getting my first then second boat and embarking many white knuckle trips, that I realized I was doing what I had seen this Captain do. I didn't know what it was called then but now I know that it is "*situational awareness*". What had seemed like random thoughtless moves were now automatic and intentional, accomplished with precision and backed by experience.

As I ride along with our Captains today, I sometimes marvel and think about what it took them to get to that level of professionalism. Good boat operators make it look easy, handle the equipment with finesse and get the job done efficiently and safely. Most importantly, they feel their surroundings. My hat is off to the many fine and professional Captains that are on the Harley Marine Team.

Andre Nault

Safety Manager-California

June Anniversaries

Harley Marine NY

Joseph Dady—1 year

Kenneth Shaw—1 year

Barry Watkins—1 year

Harley Marine Services

Mike Curry—11 years

Courtney Wickens—2 years

Millennium Maritime

Pat Lopez—9 years

Olympic Tug & Barge

Bradley Lowe—16 years

Chris Swan—16 years

Ronald Echeverio—9 years

Ben Lussier—8 years

Steven Carleton—7 years

Dan Corkery—7 years

Justin Todd—6 years

Dale Dougherty—5 years

Garri Ferguson—5 years

Matthew Gullickson—5 years

Michael Coleman—4 years

Christian Foss—2 years

Joel Gerstenberger—1 year

Tim Hinman—1 year

Richard Persinger—1 year

Tyler Visser—1 year

Pacific Terminal Services

Tina Garrett—27 years

Larry Lamb—7 years

John Overly—3 years

Bruce Stanearth—2 years

Public Service Marine

Trent Newlon—12 years

Starlight Marine Services

Martin Miller—5 years

Christopher Royeton—3 years

Samuel D'Aloisio—2 years

Sterling Jones—2 years

Rodney Ortiz—1 year

Westoil Marine Services

Daniel Seeley— 8 years

Cooking with the Captain Captain Chris Starkenburg, Gyrfalcon Bananas Foster

Ingredients:

1/2 cup of butter (1 cube)

3/4 cup of packed brown sugar

1/4 cup of Rum (or 1 tsp. of extract)

1/4 cup of Banana Liquor (or 1 tsp. of extract)

1 teaspoon of lemon juice

1 tablespoon of ground cinnamon

2-4 ripe but firm bananas (sliced length ways and quartered)

1 quart of vanilla or vanilla bean ice cream

Directions:

Combine the butter, brown sugar, rum, liquor, lemon juice and ground cinnamon in a sauce pan and simmer on medium heat for about 10 minutes. *Be careful if you have a gas range because when the rum and liquor heat up they may flame!* Do not let the mixture get too hot, because the sugar will caramelize. Place the sliced bananas in the mixture until they are warmed.

On a dessert plate, place one scoop of ice cream in the center and surround it with bananas. Spoon the warm sauce over the entire plate. You can garnish with toasted pecans, powdered sugar and cinnamon.



Enjoy!

401(k) Open Enrollment

Open enrollment for July 2008 has arrived! Human Resources has mailed out enrollment packets for newly eligible employees and for individuals who have been eligible but have chosen not to participate as yet. All current participating employees will receive new deferral and beneficiary forms for making changes to their existing contribution percentage. Please note that open enrollment is the only time that your deferral amount can be changed. You may change your elections at anytime online at www.knobel.com. The enrollment deadline is **June 30, 2008**. Due to administrative constraints, any forms that are turned in after the deadline will be filed for the next open enrollment in January 2009. Please return forms to your local HR representative.

Desiree Otsuka
Human Resources Manager

Breast Cancer Awareness

Steve Mickelson from our OTB Portland crew recently contacted me to request a "breast cancer awareness" article in the *Soundings* as a way to inform the other readers the importance of early detection and awareness. Steve's wife, Renee was diagnosed with Breast Cancer on March 20th at the young age of 37. Luckily Renee detected the lump early enough that it never developed into cancer. However, the doctor informed her that if she had waited until she was 40 to have her first mammogram, it would have grown to a walnut sized cancerous lump. Renee has undergone two surgeries now and the lump is gone, however, she is currently undergoing radiation to ensure the cancerous posing lump is gone!

Steve and his wife are advocates for early detection and want to pass their encouragement to women in their 30's to get mammograms early and for spouses and family to support and talk to their loved ones about breast cancer.

Below are some sites that you can obtain more information about detection, awareness and information on cancer.

<http://www.nationalbreastcancer.org/>
<http://www.breastcancer.org/>
<http://www.cancer.org/docroot/home/index.asp>
<http://menagainstbreastcancer.org/>



June Birthdays **Birthstone:** Pearl **Flower:** Rose

Harley Marine NY

Helen Sun—6/4
Richard Benoit—6/8
William Richardson—6/21
Steven Pokas—6/23
William Odegaard—6/29

Harley Marine Services

Mike Coon—6/4
Michelle Moll—6/8
Gary Nelsen—6/27

Millennium Maritime

Stephen Higgins—6/23
Doug Houghton—6/25

Olympic Tug & Barge

David Girard—6/5
Corey Johnston—6/7
Justin Hutton—6/9
Bradley Hilton—6/12
David Cougher—6/14
Joseph Miranda—6/20
Sean O'Connell—6/22
Max Jahn—6/24
Jack Forsyth—6/25
Adam Goodfellow—6/25
Hiram Hauki—6/27
Thomas Plucinski Jr.—6/28
Bryan Adams—6/29

Starlight Marine Services

Daniel Bridgman—6/8
Ernesto Salgado Jr.—6/22
Michael Hannegan—6/28
Tim Kline—6/28

Westoil Marine Services

Ryan Voci—6/16

Mount Whitney Hike

Saturday, July 12th

Months ago, several of our California employees agreed to venture off the golf course to try something new, a hike to the summit of Mt. Whitney. Mt. Whitney, located in Southern California, is the tallest mountain in the contiguous United States with an elevation of 14,505 feet.



Mt. Whitney is the most frequently climbed peak in the Sierra Nevada, if not in the US. Because of this, the National Park Service and the US Forest Service, who manage the Whitney Portal Trailhead, have implemented a permit system to minimize the impact of day-hikers on the Mt. Whitney backcountry. All hikers entering the Mt. Whitney zone, including day-hikers, are required to obtain a permit. Harley Marine has received 12 permits for Saturday, July 12th from the park service, making the hike official.

Our hikers will camp the night before at Whitney Portal in order to get acclimated to the climate and the altitude. The Whitney Portal is located in the Eastern Sierra about 13 miles from Lone Pine, California.

The one day summit hike is 22 miles round trip, and the Whitney Trail gains 6,400 feet in 11 miles on the way to the summit. The group is gathering momentum and enthusiasm for the hike, we will follow their journey as they prepare and embark on the adventure!

Welcome to the Team!

Harley Marine NY

William Odegaard—Tug Mate

Harley Marine Services

Daniel Payne—Port Engineer

Olympic Tug & Barge

William Eckler—Engineer

Andrew Martin—Mate

Michael Pierson III—Deckhand

Stephen Warren—Deckhand

Cheryl Domier, Harley Marine Services

Cheryl is our new Human Resources Employment Representative and her main focus areas will be recruitment and training. Cheryl has a Bachelor of Arts degree in Communications/Public Relations with a minor in Business Administration. She was previously employed at Desert Sun, where she managed Human Resources and Corporate Training for their franchises. We are delighted to have Cheryl part of our HR team, she will be a tremendous asset.

HMS Human Resources & Payroll Department Representatives

Throughout the past year, Harley Marine Services, Inc. (HMS) has experienced such a growth that a division of duties was needed within the administrative departments. Thus, HMS now has separate Human Resources and Payroll departments. At this time, we would like to introduce you to the members of each department and what they do for you.

Deborah Franco, VP of Administration & Human Resources, HMS

Deborah oversees all aspects of the administration departments including Human Resources, Safety and Quality Systems. She has been influential in developing training programs, the business Code of Ethics and implementation of the ISO:9001 and 14001 programs.

Desiree Otsuka, Human Resources Manager, HMS

Desiree manages the Human Resources program including benefits administration, organization development and employee relations.

Courtney Wickens, Human Resources Assistant, HMS

Courtney is responsible for all employee related services for our newest company, Harley Marine NY, Inc. as well as Olympic Tug and Barge and Starlight Marine Services. Additionally, Courtney handles sea-time letters for all companies.

Cheryl Domier, Human Resources Employment Representative, HMS

As the newest member of the Human Resources department, Cheryl will be instrumental in the continual improvement of our hiring and training practices. Cheryl will work closely with our general managers to keep current with recruitment needs and orientation processes.

Johni Komisak, Human Resources Assistant, Southern California

Johni works in the Southern California offices of HMS handling all personnel matters for our Millennium Maritime, Public Service Marine and Westoil Marine Services' employees.

Christine Mershon, Payroll Accountant, HMS

Christine is a certified payroll specialist, who was invaluable in the development of bringing payroll in-house. She continues to be an asset in streamlining the payroll processes.

Should you have questions or need assistance, please do not hesitate to contact the individuals listed above to help you with your needs.

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

Preparation for 2008 QSMS Company Audits

With this year's internal vessel audits almost complete, it is now time to look toward preparation for our company audits. This summer we can expect an Internal Audit of each company followed by the 2008 Management Review. The company External Audit will be scheduled from late August to early September.

Harley Marine Services has implemented many innovative tools and systems such as E-Maintenance and the Electronic Wheelhouse Logs. We will continue to enhance, improve and solidify these tools and harness the information and metrics they provide. One of the main tenants of "Quality" is continuous improvement. We will work to strengthen all HMS Programs in anticipation of a very successful audit.

Here are some focus areas:

- 1) Masters Reviews should be forthcoming from all HMS Tugs
- 2) Vessel crews to have current First Aid, CPR/AED and HAZWOPER Refresher
- 3) Nonconformity and Corrective Action Program
- 4) Complete all 2nd Quarter Management Inspections
- 5) All tugs and crews conversant with E-Maintenance and Electronic Wheelhouse Log System
- 6) Complete License, Documents, Medical Fitness and Training Records for all vessel crews
- 7) Complete Customer Surveys and corrective actions if needed
- 8) Compile and review metrics regarding accidents, incidents, near misses and time loss
- 9) Implement Environmental Management System
- 10) Update Marine Operations Manual including new Environmental and Yard Safety Policies

The HMS Audit Schedule including Internal, External and Management Review will be announced shortly. Should you have any questions, feel free to contact me. See you on the water!

QSMS - Q & A

How frequently does HMS receive an external company audit?

Annually

Who performs this external audit?

American Bureau of Shipping (ABS)

What will be new for this years audit?

Harley Marine Services is adding an Environmental Management System

What are some specific things the auditor targets?

Records, Updated Documents, Corrective Action Program, Mariner Qualifications, Management Oversight, Use of Metrics for gauging trends, Continuous Improvement, Preventative Maintenance Program, Calibration of Gauges and Test Equipment, Observance of Safety Policies

Harley Marine New Buildings

The Harley Marine Services double hull tank barge new build program is well underway at two ship-yards in Portland, Oregon, U.S. Barge and Gunderson Marine.

At Gunderson, building is underway on the 38,500 bbl. tank barge, "*Dugan Pearsal*". This barge is capable of carrying 3,500 bbls. of clean diesel or MGO in a segregated tank and piping system. The barge is due to be delivered to Harley Marine for final outfitting on July 31, 2008. After completion at the Harley Marine dock, the barge will enter service in October 2008. The *Dugan Pearsal* will be equipped with state of the art tank level monitoring systems to assist the barge crews.

Also at Gunderson, our 52,000 bbls. barge will begin the construction phase in June 2008 and will be delivered in late November 2008. This barge is a sister design to the *Lovel Briere* that was built by Zidell Marine, however, changes have been made in basic design and systems.

At U.S. Barge, the construction of four 31,500 bbls. bunker barges is well underway with the first delivery in September 2008 and delivery of the remaining three barges every 60 to 90 days after the first delivery.

Picture Descriptions (from top to bottom):

Picture # 1—Block mid-section of the 38,500 bbl. barge under construction at Gunderson

Picture # 2—Block forward section of the 38,500 bbl. barge being erected at Gunderson

Picture # 3—Stern block of the first 31,500 bbl. barge under construction at U.S. Barge

Picture # 4—First mid body double bottom of the first 31,500 bbl. barge under construction at U.S. Barge



MAY EMPLOYEE OF THE MONTH

Matthew Hathaway, Millennium Maritime

Matthew has been with Millennium Maritime since 2004. He works with the dispatch team and is very customer oriented and is willing to go the “extra” mile. Over the past months, he has assisted in filling in for open shifts. Matthew is a great team player and always looks to help out his fellow employees. Millennium Maritime Management is proud to select Matthew as the Employee of the Month.

Nels Gorne, Westoil Marine Services

Nels is a valuable part of our Southern California Port Maintenance Crew. He is often redirected to different projects and tasks, steps in to help in times of need and does it all with a GREAT attitude. We all appreciate having a player like him on the team. Thank you Nels and keep up the good work!

Jack Matievich, Starlight Marine Services

Jack has been an employee at Starlight since January 2005, he is currently an Engineer on the Z-Four. He has continued to show his loyalty and professionalism. Not only is Jack always present and on schedule, but he is always available to work extra when needed. Whether in the engine room or helping out where needed, Jack continues to be a true asset to the Harley Marine Family. Thanks!

Robert Higa, Olympic Tug & Barge

This months employee of the Month is Deckhand Robert Higa. Over the past few years Robert has become more than proficient at all of his duties. Robert always finds the time to help other crews with projects, consistently leads by example and has a great attitude towards everything he does. Robert is a graduate of the Tongue Point Maritime Training Center and makes his home in Vancouver, Wa.



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Congratulations to all of our recognized employees!