

SOUNDINGS

May 2009

Safe ♦ Responsible ♦ Reliable ♦ Efficient

Tis' the Season – for QS Audits!

During the next three months, the HMS *Family of Companies* will be conducting many Quality Systems (QS) audits in order to maintain our ISO 9001, 14001, and ISM certifications. This year, in addition to our annual tug audits, we are also due for our Intermediate external tug audits, which occur every 2.5 years. Our external audits are conducted by American Bureau of Shipping (ABS).

We will have all of our annual internal audits completed on our tug fleet this month. External tug audits have already commenced in Seattle and Alameda. LA is scheduled the first week of May, Alaska in June, and New York in July. In addition to our tug audits, we will be conducting internal regional office audits. Alameda and Los Angeles will be completed in May, HMS WHQ companywide in June, and New York in July. Our external HMS companywide audit will be conducted by ABS at the end of July.

HMS has developed an excellent internal auditing team for Quality Systems (Safety and Environmental Management Systems). The QS auditing team met at HMS headquarters April 13-14 for auditor training by Dione Lee of QSE Solutions. The training was culminated by auditing the tug, Ernest Campbell. Our current QS Internal Audit team consists of our Internal Auditors: Mike Curry, Director of Safety and Regulatory Affairs; Scott Manley, Director of Marine Operations; and Andre Nault, Safety Manager – California. We were also delighted to have our newer members begin to train: Tim Kline, Operations Managers – Starlight; Karl Kontselidze, Scheduler and Safety Officer – HMNY; and Brian Healy, Dispatcher – Olympic. Our new members are being mentored and will also help to facilitate QS training throughout our fleet and shore-side.

As we strive for continual improvement and learning, a new QS Orientation Workbook will be circulated for all personnel to complete. The Review exercise sheet needs to be filled out, signed and sent back to hr@harleymarine.com for documentation purposes, and put in your file.

If anyone has any questions about our Quality Systems or upcoming audits, please feel free to contact me or the HMS Internal Auditing Team. The team email is qs@harleymarine.com.

Deborah Franco
Vice President
HR, Quality Systems, Administration

Pacific Terminal Services - Continually Improving

Over the last month, the HMS Portland crew has been busy making internal safety and security improvements at the PTSI site. Their dedication to safety is commendable and their actions comply with Harley Marine's guiding principles of ensuring a healthy, safe, secure, and environmentally responsible workplace for employees, customers, and contractors, as well as being responsible to our families and communities.



New Walkway and Security Gate at PacTerm Rail Spur

The re-routing of the steam and product pipelines at the Portland rail spur created an obstacle for operators to step over at the gate. The addition of a couple large blocks of cement made it easier to get over the pipe, but was not a first class solution. A walkway with a security gate was designed, erected and installed by the Portland crew. Thumbs up to the PTSI Safety Committee for the Safety Suggestion and to Jack Wild, Tracy Wild, Mark Flower, and John Overly for building a safer way to get to the rail spur.



PacTerm Boiler Safety Shield Replaced

A shield for the boiler water level sight glass has been replaced to protect operators from high temperature steam in case of a seal failure. The original shield had been missing for sometime with replacements not available from the manufacturer. A special high temperature plastic was located and molded to fit the job. Hats off to the PTSI Safety Committee for the Safety Suggestion and to Jack Wild for designing and installing the new shield.



May Holidays

- May 1st—May Day
- May 5th—Cinco de Mayo
- May 10th—Mother's Day
- May 25th—Memorial Day
(HMS Offices closed)

Thumbs Up

- Thumbs up to Jeff Rickard for doing a great job at completing several of the management inspections for the Olympic fleet. Your efforts are greatly appreciated.
- Thumbs up to Steve Carleton for inspecting the Olympic barge fleet and for making calls to coordinate the crewing. Your work has been very helpful to the OTB operation.
- Thumbs up to the QS Internal Auditing Team on an outstanding job – supporting our family of companies fleet and shoreside operations during our internal and external audits.



May Birthdays

Birthstone: Emerald
Flower: Lily of the Valley

Harley Marine NY

John Walls—5/2
John Curtin—5/6
Riley Canterbury—5/28

Harley Marine Services

Gregg Nelsen—5/3
Jennifer Heishman—5/24
Angie Keam—5/26

Millennium Maritime

Mario Meyers—5/23

Olympic Tug & Barge

Bart Sappington—5/1
Brian Bamer—5/3
Randy Ybarra—5/3
Darian Williamson—5/4
Patrick Harris—5/8
Ron Winterfeld—5/8
Chris Swan—5/9
Jesse Brown—5/12
Matthew Jacobs—5/17
Andrew Pugh—5/17
Wojciech Satlawa—5/19
Kirk Bonnin—5/27
Mitchell Hetterle—5/28

Pacific Coast Maritime

Carlos Trinidad—5/18

Public Service Marine

Trent Newlon—5/29

Pacific Terminal Services

Tracy Wild—5/5

Starlight Marine Services

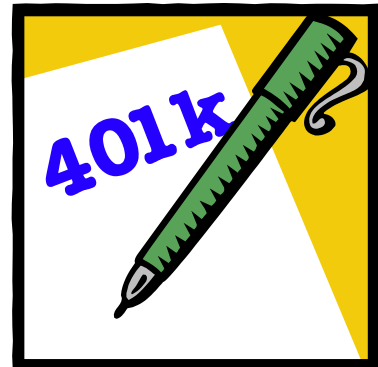
Todd Yielding—5/16
Jordan May—5/21
David Prouty—5/23
Jonah Petrick—5/26
Kevin Caldwell—5/28

Westoil Marine Services

Marvin Munoz—5/2
Boris Klarin—5/19
Matthew Drake—5/22

Who is Minding the 401k Store?

Harley Marine is pleased to announce that we have retained a new investment advisory firm, Kibble & Prentice, who will assist the 401(k) Committee in monitoring investment alternatives and assisting participants with investment questions. Based in Seattle, Kibble & Prentice manages over \$1 billion in retirement plan assets. They have assisted Harley Marine in implementing a new *Investment Policy Statement*, which provides specific benchmarks for monitoring performance; establishes *Watch-List* criteria; and makes changes via a systematic *Investment Replacement Review* process.



While we cannot guarantee better investment performance, we are confident that this systematic and objective process will assist us in continuing to offer prudent and reasonable investment alternatives to our 401k plan participants.

Kibble & Prentice will be conducting a web-conference called “*Investing During a Recession*” on Wednesday, May 20th @ 12:00pm PST and 6pm PST. All employees are welcome to join in on the conference call by following the below instructions.

401k Web-Conference Instructions:

Dial Toll-Free: 1 (877) 589-6971. Enter Conference ID# 381105.

Log-on to: <https://www.livemeeting.com/cc/meetme/join?id=GP8F8P&role=attend>

Special Note: Log-on 10 minutes prior to the meeting to allow your computer to download the necessary Microsoft web-conferencing software.

The slide presentation will present information on how investors have successfully endured prior economic recessions and will also provide guidance on how Harley Marine 401k investment options can be utilized to meet your long term investment objectives. The presentation will be recorded for future access.

Kibble & Prentice is also available to answer your personal questions about the 401k plan and its investments. Our primary contacts are Melody Prescott, Truong Tang, or Mike van der Velden. They can be reached by calling 800-767-0650 or by emailing get401k@kpcom.com. Be sure to ask for them by name and let them know you are with Harley Marine Services.

Swine Flu: What You Can Do to Stay Healthy

Consider the possibility of swine flu in persons with influenza-like illness and recent travel to affected areas in Texas and California (and possibly Mexico) or who have been in contact with ill persons from these areas in the 7 days before illness onset.

There are everyday actions people can take to stay healthy.

- Cover your nose and mouth with a tissue when you cough or sneeze. Throw the tissue in the trash after you use it.
- Wash your hands often with soap and water, especially after you cough or sneeze.
- Alcohol-based hands cleaners are also effective.
- Avoid touching your eyes, nose or mouth. Germs spread that way.

Try to avoid close contact with sick people.

- Influenza is thought to spread mainly person-to-person through coughing or sneezing of infected people.
- If you get sick, CDC recommends that you stay home from work or school and limit contact with others to keep from infecting them.

What is the best way to keep from spreading the virus through coughing or sneezing?

If you are sick, limit your contact with other people as much as possible. Do not go to work or school if you are ill. Cover your mouth and nose with a tissue when coughing or sneezing, it may prevent those around you from getting sick. Put your used tissue in the waste basket. Cover your cough or sneeze if you do not have a tissue. Then, clean your hands, and do so every time you cough or sneeze.

What is the best technique for washing my hands to avoid getting the flu?

Washing your hands often will help protect you from germs. Wash with soap and water or clean with alcohol-based hand cleaner. It is recommended that when you wash your hands -- with soap and warm water -- that you wash for 15 to 20 seconds. When soap and water are not available, alcohol-based disposable hand wipes or gel sanitizers may be used. You can find them in most supermarkets and drugstores. If using gel, rub your hands until the gel is dry. The gel doesn't need water to work; the alcohol in it kills the germs on your hands.



What should I do if I get sick?

If you live in areas where swine influenza cases have been identified and become ill with influenza-like symptoms, including fever, body aches, runny nose, sore throat, nausea, or vomiting or diarrhea, you may want to contact your health care provider, particularly if you are worried about your symptoms. Your health care provider will determine whether influenza testing or treatment is needed.

If you are sick, you should stay home and avoid contact with other people as much as possible to keep from spreading your illness to others. If you become ill and experience any of the following warning signs, seek emergency medical care. The emergency warning signs that need urgent medical attention include:

Difficulty breathing or shortness of breath

Pain or pressure in the chest or abdomen

Sudden dizziness

Confusion

Severe or persistent vomiting

May Anniversaries

Harley Marine NY

Steven Pokas—2 years
 William Richardson—2 years
 Christopher Tranos—2 years
 William Odegaard—1 year

Harley Marine Services

Rod Gullickson—18 years
 Deka Sheikh—5 years
 Michelle Moll—2 years
 Cheryl Domier—1 year
 Daniel Payne—1 year

Millennium Maritime

David Cadiz—18 years
 Bo Jun—9 years
 Neal Salamunovich—9 years

Olympic Tug & Barge

Steve Springman—9 years
 Rosalio Castro—7 years
 Byron Peterson—7 years
 Allen Hall—6 years
 Eric Chisman—3 years
 David Ferguson—2 years
 Bradley Hilton—2 years
 Brett Nelson—2 years
 Caleb Sheaffer—2 years
 Paul Thompson—2 years
 William Eckler—1 year
 Andrew Martin—1 year
 Stephen Warren—1 year

Pacific Coast Maritime

Chris Starkenburg—19 years
 Dennis Pinfeld—2 years

Starlight Marine Services

Ryan Tom—3 years
 Jacob Laprade—2 years

Westoil Marine Services

Salvatore Manzella—9 years
 Tony Danelo—8 years
 Thomas Matlock—4 years
 Jeffrey Salcido Sr.—3 years

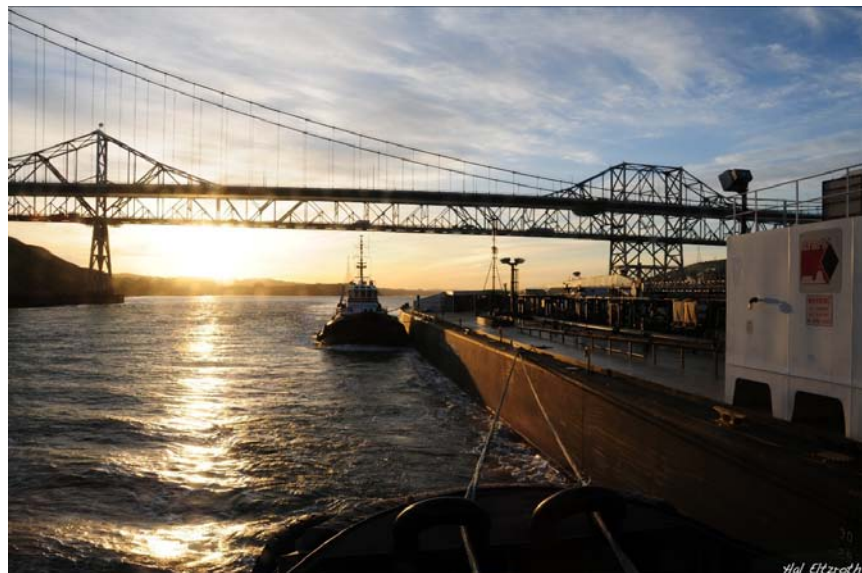
TPSC Tidbit News

Trusted Plans Service Corp. (TPSC) is the administrator for Harley Marine's medical insurance benefits. They have developed a unique feature called the Benefit Management System (BMS), which allows "24/7" access to current information on your eligibility and claim status. You can access this information at <https://benefits.trustedplans.com>. There you will find access to Section 125 (Flex Plan) election and balance information, as well as links to the PPO providers in the Harley Marine plan.

To register, go to <https://benefits.trustedplans.com>. Once on the website, select the "new user and need to register" option at the bottom of the page. A new screen asking for a user type (employee, dependent, etc.) and our plan group number – 45550, will appear. Finally, you will then enter your social security number to access the registration page. Then, you will be required to fill in your personal information as well as set up your user name and password.

If you have questions, concerns or do not have computer access, you may contact TPSC Customer Service Dept. directly at (800) 426-9786 x 210.

HR Department



Millennium Star and Olympic Spirit as seen from the Z4 on an early morning escort under the Carquinez Bridge.

IRS ISSUES GUIDANCE ON THE “MAKING WORK PAY TAX CREDIT”, AMENDING FOR W-4

You may have noticed a difference in your federal tax withholding on your pay check since April 1, 2009. This is because of the Making Work Pay Tax Credit which is part of the American Recovery and Reinvestment Act of 2009 (ARRA).

In tax years 2009 and 2010, ARRA provides a refundable tax credit of up to \$400 for individuals and \$800 for married taxpayers filing joint returns. The credit is phased out for individuals with modified adjusted gross income of \$75,000-\$95,000 (\$150,000-\$190,000 for joint filers).

The IRS has posted 22 questions and answers about the tax credit on its website. Several of the questions address the issue of employees who may want to file an amended Form W-4 to avoid being under or over withheld by the end of the year.

Individuals working more than one job at the same time may want to adjust their Forms W-4 to have more withheld. An individual who works two jobs concurrently may have reduced withholding, up to \$400, at each job. However, he will be entitled to a credit of only \$400. Note that this problem does not arise for someone who moves from a single job to another single job no matter how many times.

Married couples with both spouses earning wages may also want to adjust their Forms W-4 to have more withheld. The new tables, compared with those originally in place for 2009, will generally decrease the federal income tax withholding by \$600 for married individuals. So, while the tax credit caps at \$800 for a couple filing jointly, the new withholding tables may give them a total tax credit of \$1200 if they both earn wages. Note that a married person with a non-working spouse will have \$600 less in withholding but be entitled to a credit of \$800.

For specific Q & A on the Making Work Pay Tax Credit go to <http://www.irs.gov/newsroom/article/0,,id=205921,00.html>.

Help is also available with IRS Publication 919, “How Do I Adjust My Withholding?” This 24 page booklet has a number of worksheets to help you determine what your W-4 status should be. Or you can use the IRS Withholding Calculator. Just go to www.irs.gov and click on “Individuals” at the left of the top menu bar.

Form W-4 is also available on the PAF system under Employee Forms and Applications if you wish to make any changes.

Christine Mershon, Payroll Accountant

Vessel Security Endorsement Added to STCW-95 Certificate

(replicated from MITAGS-PMI)

The United States Coast Guard (USCG) is currently in the process of implementing a new rule that will require all mariners sailing in the position of Vessel Security Officer (VSO) on foreign voyages to have the VSO endorsement by July 1, 2009.

MM&P members and tuition students who have taken the **MITAGS/PMI Vessel, Company and Facility (VCF) Security Officer** course or its predecessor, **MITAGS/PMI Security Officer: Port, Company, and Ship (PCS)** course, from April 2003 to April 2005 have met the certified training requirement of this new regulation. To obtain the endorsement, send all of the following to your local Regional Examination Center (REC):

- ◆ Application (CG-719B)
- ◆ Passport photograph
- ◆ Original Security Course Certificate and the Refresher, if needed
- ◆ Copy of your license
- ◆ Copy of your Merchant Mariner Document (MMD)
- ◆ Copy of your STCW Certificate
- ◆ Copy of the Transportation Worker Identification Credential (TWIC)

The REC will forward this information to the National Maritime Center (NMC). In turn, they will re-issue your STCW Certificate, with the security endorsement, at no charge.

For those who have taken a Security course that is not approved, you will need to take a one-day refresher course. For those who have not taken a Security course, or if you cannot obtain your course completion certificate, you will need to take the regular three-day Security course.

To enroll in one of the Security courses, please use one of the following methods:

	MITAGS	PMI
Website:	www.mitags.org	www.mates.org
E-mail:	admissions@mitags.org	registrar@mates.org
Toll-Free:	(866) 656-5568	(888) 893-7829

To view a copy of the NMC Approved Course List, please download the following link:
http://www.uscg.mil/nmc/mmic_appcourses.asp

Contact Mike Curry with any other questions, (206) 447-3057 or mcurry@harleymarine.com.

What is “Quality Systems” Internal Auditing

Internal or “1st party” auditing of our “Quality Systems” is conducted on a regular basis to physically:

- Verify that Quality Systems (QS) standards that we adhere to are being met, for example: the ISM Code, AWO RCP, ISO 9001 and ISO 14001.
- Validate our Quality Systems processes are in place, such as recordkeeping.
- Examine or review the existence and adequacy of management system policies and procedures, like our Quality, Safety and Environmental Policy Statement, the *Quality Systems Manual (QSM)*, and the *Marine Operations Manual (MOM)*.
- Measure activities versus individual performance, such as Quarterly Inspections being conducted quarterly.

Internal audits tend to be less formal than inspections. They consist of informal interviews, examinations and observations that are typically less structured and open ended in approach than a checklist “yes/no” format.

Quality Systems - Q & A

What is the Internal Auditing Team looking for in an Internal Audit?

The Internal Auditing Team is looking to see if we have an understanding of our Quality Systems and if we are doing what we say we are doing. They will be looking at records, asking the crew and shoreside staff questions and offering help and guidance as needed. *Please ask about our updated QS Orientation Workbook.*

What will the Internal Auditor do if they find something wrong?

If they find an opportunity for improvement (OFI), the auditor will document their findings as an observation or non-conformity. The report will be submitted to the appropriate DPA who will initiate a Corrective or Preventive action request, if required, to ensure continual improvement. *The Internal Auditor also looks for what we are doing right and documents our strengths as well.*

How often are internal audits conducted?

Internal audits are conducted at least once a year for each tug and office.

If you have any questions, please contact a DPA or any member of our QS Internal Audit Team, see page 1.

Workplace safety word jumble

Test your knowledge of workplace safety by unscrambling the following jumbled words to reveal 10 common workplace safety terms. Check your answers at the bottom.

1. ncnodofi esacsp

2. hmciane dgaringu

3. oeupekhgsein

4. esnprola tectirovpe ipntequme

5. fatsey essslag

6. piesrraryto econtiotpr

7. riheagn csovenoratni

8. tirfs ida

9. oicermonsg

10. dlobonoebr hogpasten

Answers: 1) confined spaces; 2) machine guarding; 3) housekeeping; 4) personal protective equipment; 5) safety glasses; 6) respiratory protection; 7) hearing conservation; 8) first aid; 9) ergonomics; and 10) airborne pathogens

Cooking with the Captain
Captain Chris Starkenburg, Tug Gyrfalcon
“Baked Salmon Loaf with Tarter Sauce”

Baked Salmon Loaf Ingredients:

1 1/3 LBS. Poached Salmon, boneless and skinless
 3 cups Soda Cracker Crumbs, hand crumbled
 2 TBLS. Fresh Parsley, chopped
 1 TSP. Fresh Dill Weed
 2 TSP. Lemon Zest, micro grated
 1/2 TSP. Ground White Pepper
 3/4 cup Celery, chopped fine
 1/2 cup Sweet Onion, chopped fine
 1 TBLS. Lemon Juice

2 Eggs, beaten
 1/ 1/4 cups Half and Half or Heavy Whipping Cream
 1/2 cup Heavy Mayonnaise

 1/2 cube Butter (2 oz.)
 3/4 Cup Panko Bread Crumbs
 Pan Vegetable Spray
 Sprinkle of Kosher Salt

Baked Salmon Loaf Directions:

1. After salmon has been poached, break into small pieces (1” x 1”) and let it cool.
2. In a large bowl, add soda crackers, parsley, dill, lemon zest, pepper, celery, onion, and lemon juice. Mix until blended.
3. Add the cool salmon pieces, eggs, cream or Half and Half and heavy mayonnaise. With your hands, gently blend the ingredients.
4. Grease an 8” x 8” baking dish with butter.
5. Add the salmon mixture then lightly press and spread evenly.
6. Lightly coat with panko bread crumbs and spray the bread crumbs with vegetable spray. Sprinkle with Kosher Salt.
7. Place in a pre-heated 325°F oven and bake for 30-40 minutes. When it is done, you should be able to stick a butter knife in the center and it will come out clean.
8. Remove from oven and let it rest for 10 minutes before serving.

**Tarter Sauce Ingredients:**

2 1/2 cups Heavy Mayonnaise
 2 TBLS. Yellow Onion, minced
 2 TBLS. Dill Pickle, minced
 1 TBLS. Fresh Parsley, chopped fine

1 1/2 TBLS. Capers, drained & lightly chopped
 1/2 TSP. Lemon Zest, micro grated
 1 1/2 TBLS. Fresh Lemon Juice
 1/2 TSP. White Pepper

Tarter Sauce Directions:

In a small food processor, add the onions and pickles and process on and off until they are minced. In a mixing bowl, add all of the ingredients and mix until smooth.

Serves: 4-6 people

Harley Marine Services, Inc.

910 SW Spokane Street
Seattle, WA 98134
(206) 628-0051

www.HarleyMarine.com

Editor: Stephanie Wright
swright@harleymarine.com

April Employee of the Month

Z – Three Crew:

Captain Josh Stultz
Captain Dan Morrison
Mike Price, Mate
Mike Rubino, Mate
Todd Yielding, Engineer
Frank Dignon, Engineer
Jonah Petrick, Deckhand

Over the past 6 months the crew of the Z-Three have shown tremendous dedication and worked very hard to bring the vessel up to standards after an extensive ship yard period last winter. Furthermore, each crew member volunteered to join the permanent crew of the Z-Three which removed them from their normal vessels and rotations. Thank you for stepping up and working hard to get this vessel back up to our Standards.

Olympic Tug & Barge

Captain Kris Laakso

OTB's employee of the month for April is Kris Laakso for his continual work performance and clean safety and incident record. Kris has been an OTB employee for 6 years and possesses a positive and professional attitude at all times. He can always be counted on to complete all tasks given to him at the highest level of standards. Kris is an asset to the company and we appreciate his effort and hard work.

April New Hires

Harley Marine NY

Miguel Ortiz, Barge Mate

Harley Marine Services

Irene Dulay, Accounts Payable Specialist

Olympic Tug & Barge

Dominic Castner, Engineer
Joel Christensen, Maintenance
Howard Frank, Mate
Darren Gautreaux, Deckhand/Tankerman
Lowell Swett, Mate/Tankerman



Welcome to the Team!