

Tow Bitts



Mike Stork Photo

Historic Lift in Tacoma Narrows

The Foss tug *Pacific Explorer* assists as cranes mounted on the main cables of the new Tacoma Narrows suspension bridge lift the first of 46 steel roadway deck sections into position on Aug. 8. Foss also customized the barge *Marmac 12* for the project, installing four thrusters that minimize the movement of the barge in the Narrows' tricky currents. A story and more photos appear on pages 12 and 13.

Foss Takes Harbor-Services Expertise to East Coast; Tractor Tugs Will Heat up the Competition in Boston

Foss Maritime made its first move into the East Coast harbor services market this summer, acquiring Constellation Tug Company of Charlestown, Mass.

While Foss has marine transportation and other contract towing operations throughout the U.S. and worldwide, it

has primarily been a West Coast player when it comes to harbor services.

"This acquisition is cause for celebration, as it marks our entry into the U.S. East Coast," said Senior Vice President for Harbor Services and Regional Towing **Scott Merritt**.

Constellation operates in the ports of Boston, Salem and Quincy, Mass. Boston is New England's largest port and includes the growing Conley Container Terminal, which handled

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Foss Heads East

Foss in July announced the purchase of a Boston-area tugboat firm, marking the Seattle-based company's first venture into the East Coast Harbor Services business.

..... Cover and Pages 4 – 7

Another Great Year in Russia

Once again, Foss proved that it can succeed where others fail in one of the world's harshest environments, at Sakhalin Island off the coast of Siberia. The company provided eight tugs and nearly 150 people to accomplish a sealift for Exxon Neftegas Ltd.

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Big Plans for the Fleet

The workforce at the Foss Rainier Shipyard in Oregon is expected to double with plans to build ocean-going tugs there. The shipyard group also is planning a number of other fleet improvement moves, including two "Tractor-Plus." conversions.

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Narrows Bridge Nears Completion

Foss is playing a key role in the challenging final phase of construction of the new Tacoma Narrows Bridge, as deck sections weighing up to 600 tons are lifted from a barge to create a 5,400-foot roadway span.

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Thea Documentary Premieres

Company founder *Thea Foss* is the focus of a new documentary film that portrays her as the creative and entrepreneurial force that propelled her family to success in the new world.

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Tow Bitts

Tow Bitts is published quarterly by Foss Maritime for Foss employees, customers and friends. Changes to the *Tow Bitts* mailing list should be referred to the Marine Personnel office in Seattle, (206) 281-3821/3958.

Tow Bitts editor is Bruce Sherman, graphic designer is Stacy Mutnick and coordinator of production is Gil Graham, Foss Vice President of Human Resources.

Improving Safety through Teamwork, Training and Re-Thinking our Policies



Scott Merritt

"Safety is a team effort."

These are powerful words that every safety professional at Foss has discussed on numerous occasions with the employees they serve. When

asked to site specific examples, those safety personnel detail captains looking after their crew, crewmembers looking after each other and everyone looking out for customers and people from other organizations they are working with.

Our safety professionals strive to teach the fundamentals of safety in several ways. Utilizing the basics of behavior-based safety, they teach the team approach, which includes the practice of observing both safe and unsafe workplace practices and sharing those observations with fellow workers. In bridge resource training, our facilitators teach the captains not to limit the team, but rather to use all available resources to raise their situational awareness and assist them in ensuring a safe voyage.

Although I am well aware of the above practices, it wasn't until earlier this year that I realized the true scope of our safety team at Foss.

After a number of near misses involving objects falling from ships onto our bunker barges, Foss Maritime instituted a policy prohibiting our tugs from shifting barges alongside ships during cargo operations. We also instructed our tankermen to shut down and seek shelter if cargo operations occurred above the barge.

Consistent with our company's first core value, "Safety of People," we could not continue to allow our employees to work under the threat of serious injury

or death, which would surely occur if a locking cone or container fell on them while they were doing their job.

After issuing the new policy we prepared ourselves for the anticipated response from customers and others who would be negatively impacted by our new procedures. We knew that maintaining a schedule is key to the success of a modern container ship, tanker or bulker — the slightest delay can cost the operator thousands of dollars in additional cost and lost revenue.

We anticipated that many of our customers would resist the new policies and pressure us to bunker even when cargo operations were occurring alongside. What we received instead was an almost universal outpouring of support for our position that the safety of our people comes first.

This included a number of our bunker customers, shipping companies, terminal operators and agents. Companies like Chevron, ConocoPhillips, "K" Line,

Horizon Lines, Tote and Matson, to name a few, expressed not only their support, but a willingness to assist in our efforts. They quickly joined the employees of Foss Maritime as part of our safety team, helping us to communicate the risk within their own organizations and providing us critical information to allow effective coordination of bunker deliveries with cargo operations.

I want to extend my deepest appreciation to all those who have worked so hard to develop these policies. Through your efforts we have been able to drastically improve the safety of our employees with only a minimal impact to the schedules of our customers' ships.

Thank you.

Thank you.

Consistent with our company's first core value, "Safety of People," we could not continue to allow our employees to work under the threat of serious injury or death...

Foss Makes Quick Deliveries to Sakhalin Island, Enabling Production to Start Early at New Oil Field

Foss in July completed its third successful season delivering oil-production modules to Russia's Sakhalin Island, turning in a solid performance while dodging ice, a typhoon and thick fog.

Six line-haul tugs — including the *Corbin Foss*, *Lauren Foss* and four chartered in Singapore — each made two 1,500-mile trips from the module manufacturing site in Ulsan, Korea, to the delivery port in Chayvo, at the north end of the island off Russia's east Coast.

The deliveries were completed in time for Exxon Neftegas Ltd. to commence production at Chayvo on Oct. 1, three months ahead of schedule.

"Foss' performance was flawless," said **Gary McFadden**, marine transportation lead for Exxon Neftegas. "They provided an outstanding management team. Their execution of the scope of work was flawless, and it just went very well."

Larry Johnson, director of international operations for Foss, gave credit for the success to his entire marine and shoreside team, which

totaled nearly 150 people, saying, "I can't really single anyone out."

"The team was extremely efficient and hard-working, putting in long hours," Johnson said. "The group in Ulsan did an excellent job getting the barges ballasted and loaded quickly, and the team in Chayvo did just as well getting them offloaded in a very challenging environment."

Foss was ready to start the deliveries in early May, but late-season ice forced the fleet to hole up in Otaru, Japan, about half way between Ulsan and Chayvo. Team leaders regularly flew over the route into Chayvo to survey the ice conditions and finally gave the green light for departure in early June.

"We had a couple of close calls with vessels but we were able to manage our way around the ice," Johnson said.

Navigating into the port was more difficult this year, as winter storms had destroyed most of the breakwaters built in 2005, depositing debris, not all of it visible, in the channel. Storms also washed sand into the basin, leaving the channel not much wider than the barges and with just a foot of water under them in places.



The David Foss lands a module in Chayvo in early July.

The first wave of deliveries was completed June 16, after which the fleet returned to Ulsan and picked up a second set of modules. During the return trip to Chayvo, they dodged a typhoon but arrived safely to finish the discharge on July 12. Fog was heavy, and many of the deliveries had to be scheduled at night because of tide restrictions.

Between the module deliveries, Foss hauled an Exxon drilling rig from Chayvo to Nagata, Japan. Also, Foss backloaded heavy-lift equipment for another contractor, Mammoet, to Ulsan.

Johnson described Foss' safety performance as "exceptional, considering all that we had going on and the conditions."

No big sealifts are planned for 2007, but Johnson said "there's a significant amount of work out there in 2008," and Foss is looking at projects and making bidding decisions.

In addition to the four Singaporean tugs and the *Lauren* and *Corbin Foss*, the *David Foss*, *Kainani* and the *Emma Foss* performed harbor work in Chayvo.

"The *Emma*, *David* and *Kainani* were the assist and docking boats, which helped make the season the resounding success it was," said **Gary Faber**, executive vice president. "Through innovation, dedication and outstanding seamanship, our crews made each delivery a successful operation."



The Chayvo landing site was still icebound in late May. The Foss fleet finally got the green light to enter the port in early June.

Doors Open for Constellation After Teaming with Foss; Boyhood Friends are now Managers Bent on Expansion

The management team at Constellation Maritime is developing a bit of a swagger.

“We used to sit in the lobby and beg to get in the door of potential customers,” said **Marc Villa** president of the Boston-area tug company acquired by Foss in July. “It’s a lot easier now that we’re part of Foss.”

Conti Coluntino, who oversees sales and tug operations, said, “You walk in the door with a calling card from Foss, and it’s instant respect. That’s because everybody in the industry knows Foss well, and they know that Foss has confidence in us.”

The acquisition by Foss meant an instant transformation for the upstart

company, which had done remarkably well while operating four old tugs against well-established and well-financed competition, Boston Towing, owned by the Reinauer Maritime Group.

Now, Constellation is acquiring four tugs, including two conventionally powered boats and two tractors, the *America*, currently based in Portland, and a new Dolphin Class ASD tug under construction at the Foss Rainier Shipyard on the Columbia River. Additional tugs are expected to head to the East soon.

“The industry knows that the equipment is coming — I’ve been showing them photos of the Dolphin, and they

know what’s going to happen here,” said Coluntino. “They understand that times are changing.”

The four former partners in Constellation are Villa, Coluntino, **Bob Manning** (training, safety and environment) and **Jeff Nichols** (fleet maintenance and engineer training). All remain with the company.

Their families knew each other while the four were growing up on the “North Shore,” as the coastal area north of Boston is known, but the boys pursued their own careers before coming together at Constellation.

Villa was a helicopter pilot in Vietnam before getting an MBA at Boston College and spending 30 years in the hardwood lumber business. He attempted retirement but returned to work to try his hand at the towing company.

Manning worked as a high school principal and then as a commercial fisherman before becoming a shipfitter at Bath Iron Works in Maine and then entering management at the yard, which builds ships for the Navy.

Coluntino attended Massachusetts Maritime Academy and sailed on tugs with Bouchard Transportation and Eklof Maritime. Later, he was a captain on large, ocean-going tows.

Nichols graduated from Mass Maritime and sailed as a chief engineer on U.S.-flagged deep-sea vessels.

“At one time, I owned a boat yard for five years, and I wanted to get back into some kind of maritime piece of business,” said Villa. “I learned that Conti was involved in the industry, and we got together with Bob.

“We found a guy who had a derelict operation and was receptive to getting out. He was clever, but sort of an old school combination of a salvage person, a pilot and a tug operator. We said, ‘Hell, we’ll take a run at it.’”

That was about five years ago. Nichols soon came on board, and the partners were pleasantly surprised at the opportunities that came their way in the construction area and, to a lesser extent, in the ship assist business. Their first big job was assisting in laying a natural gas pipeline.



The former partners in Constellation Maritime included, from left, **Conti Coluntino**, **Marc Villa** and **Jeff Nichols**. Not pictured is **Bob Manning**.

“We picked off a couple of decent contracts and started to be an annoyance to Boston Towing,” Villa said. “Then we were doing some cooperative work with them, helping them out and they us, but as we gained ground there was a shift and they tried to make it difficult for us. But we just kept pecking away.”

The partners soon realized they would need new equipment to continue to grow. That realization became even clearer as energy companies developed plans to build major terminals in New England for liquid natural gas (LNG). Tugs would be needed during construction and also to escort and assist the tankers that eventually would deliver products to the facilities.

“That’s what led us to bang on the door in Seattle,” Villa said. “My assumption was that Foss must have had the East Coast on their radar screen, and they must have had LNG on the radar screen as well.”

Villa was right on both counts.

Acquiring Constellation also gives Foss an opportunity to put its experience in tractor tug technology to work in a region of the country where tractors

aren’t as pervasive as they are on the West Coast.

That’s because, with the exception of New York Harbor, the ports are smaller, and independent companies generally control the towing business, one in each port. Without competition, there hasn’t been the call for expensive tractors.

Major East Coast companies Moran Towing and McAllister towing don’t operate in many of the smaller harbors, like Boston, nearby Providence, R.I., and other ports.

“We were a relatively low cost entry into a marketplace for Foss,” Villa said of Constellation. “And I think Foss recognized that we were capable of running a business — that we were doing extremely well despite a lack of equipment, and that we could do a lot better with improved vessels.”



*Foss Shipyard Welder **Thin Tien Nguyen** repairs the kort nozzle on one of Constellation’s tugs. He and another Seattle welder traveled to Gloucester, Mass., to perform the work.*

Constellation

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193,018 container TEUs in the year ending last April.

The Massachusetts subsidiary will operate under the name Constellation Maritime Company, and its management will remain in place. They include **Marc Villa**, named president, as well as **Conti Coluntino**, **Jeff Nichols** and **Bob Manning**, who also have accepted management positions. All are former partners in Constellation.

As part of the acquisition plan, two tractor tugs will be added to Constellation’s current fleet of four conventional tugs and three barges. One of those boats will be a new ASD tractor built by Foss at its shipyard in Rainier, Ore. Two conventionally powered boats already have been dispatched to the Boston area, and more are expected soon.

“The addition of the new Dolphin-class tug is going to put Constellation in a new class,” said Villa. “The high horsepower and strong bollard pull of this 78-foot long tug is ideal for Boston Harbor ship docking.”

The new tugs boast 5,000-horsepower and 65 short tons of bollard pull. With the announcement of the new tug for Constellation, four Dolphin-class tugs are on order and four have been delivered.

Paul Stevens, president and chief executive officer of Foss parent company Marine Resources Group said the increase in ship-assist capacity developed with the acquisition of Constellation “strengthens Foss’ position as a leading provider of ship assist and tanker escorts in the U.S. and expands our ability to provide safe, reliable and efficient service to our customers.”

Constellation has expanded into ship-assist work from construction support. The company has experience in gas pipeline construction, having

worked for an international pipeline construction company.

Merritt said the acquisition included the equipment, assets and trade names of Constellation. He noted the purchase is in line with Foss’ plans to expand services through the acquisition of “solid, well-run tug companies.”

Few changes are planned in Constellation’s daily operations, according to Villa, and no personnel changes are planned. But he said Constellation would be able to draw on the resources and capital of Foss.

Other acquisitions by Foss in recent years now operating under the Foss name include Brix Maritime in Portland, and Wilmington Transportation in Southern California. Others operate as subsidiaries, including Gulf Caribe Maritime in Mobile, Ala.

Ramping Up on Operational Excellence; Implementation Underway in Massachusetts

The managers of Constellation Maritime, eager to begin exercising the business clout they are gaining through Foss, also are ready to embrace Operational Excellence and the standards of safety, training and maintenance that go along with it.

“It’s necessary, and it helps us be a better, healthier and safer place,” said **Marc Villa**, president. “It won’t be a culture shock for our people. They know this is coming.”

Bob Manning, who oversees operational procedures, safety, training and environmental issues for the company, said he’s already working on implementation of the Operational Excellence Program.

“The challenge for our guys is to not lose the things we do well, and to catch up on the things that we need to improve on,” said Manning. “One advantage we do have is that our values are aligned with Foss, and our past practices are aligned. We are not changing our culture dramatically.”

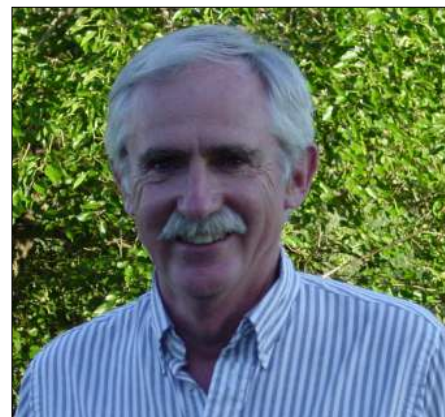
He said Constellation already is in a continuous-training mode, and he hopes the transition into the Foss way of doing things will be seamless.

“When a person learns to do their job, they will be learning how to operate in the Foss system, and the end result will be Operational Excellence,” Manning said. “That’s been my goal since day one.”

For starters, the Constellation operations manual and procedures are being reviewed, making sure they comply with the Responsible Carrier’s Program, standards of the International Maritime Organization and the Foss Safety Management System.

“Good organizations are learning organizations, and it’s perpetual,” Manning said.

Jeff Nichols, who oversees vessel maintenance and engineer training, said his staff would be training through the end of the year to maintain the vessels Constellation will receive from Foss. But he said having newer vessels and



Bob Manning says installing the Foss Operational Excellence Program will not mean a significant culture change for Constellation.

the resources of Foss will make his job easier, not harder.

“They were short in this shipyard, so we had these two welders from Foss right on the other end of the telephone,” he said. “And the next thing you know they’re here and they are doing a great job.”



*Jeff Nichols, left, believes maintenance will be easier on the newer vessels Constellation is receiving from Foss. With him are Foss Seattle welders **Gene Downie**, center, and **Think Tien Nguyen**.*

Dolphin-Class Tractor Tug to Anchor Fleet As Foss Moves into Massachusetts Harbors

The decision to fuel the growth of Constellation Maritime by adding a Dolphin-class tug to its fleet is an important endorsement of the construction program started in December 2003 at the Foss Rainier Shipyard on the Columbia River.

That's the view of **Tony Silva**, superintendent of the yard in Rainier, Ore., just across the river from Longview, Wash.

"It's exciting," Silva said, noting that Constellation will receive the fifth in the series, which now stands at four delivered and four committed tugs. "It's neat that Foss intends to go into Boston and dominate the market with this technology."

Foss announced in mid-July that it had acquired Constellation, based in Charlestown, Mass., and would add two tractors and two conventional boats to its fleet by the end of the year. One of those tractors will be the Dolphin.

Two Dolphins are currently in service for Foss in Long Beach, and another is at work in Honolulu for sister Company

Hawaiian Tug & Barge/Young Brothers. Sister company AMNAV Navigation recently took delivery of the first of four it has on order for the San Francisco Bay area.

The next delivery will be to Constellation, scheduled for November, and AMNAV is to receive the next three in 2007.

Silva said the tugs are the right boats at the right time, packing 5,000 horsepower into just 78 feet.

"The space limitation in the harbors is the big thing, and the ships keep getting bigger," he added.

The new tug for Boston, unlike its older sisters, will be equipped with heated decks to prevent icing during cold New England winters. It also will have firefighting capability.

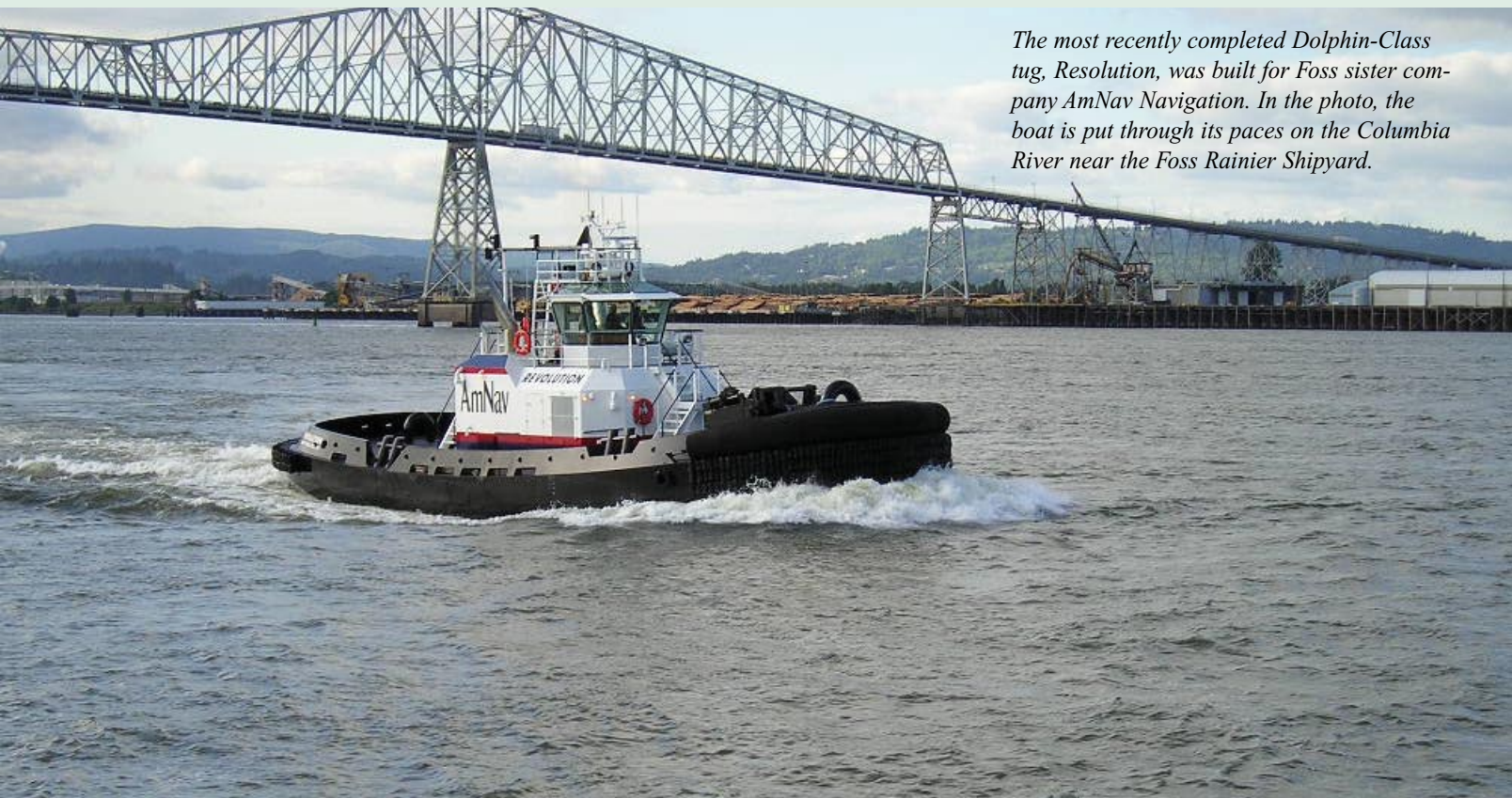
"The majority of these newer guys have now been through a complete vessel," Silva said. "When somebody has done it once, they are going to be better — learning the vessels, being able to identify parts in the yard and know where they go.



David Hill Photo

One of two conventionally powered tugs delivered to Constellation Maritime in August is at work in the Boston Harbor. The company also is to receive two tractor tugs as a result of its acquisition by Foss, and more boats are expected to head east soon.

"We're also gaining efficiencies on every vessel, and the quality is improving because we're making subtle refinements that make the boats more operator-friendly for the engineers and crewmembers."



The most recently completed Dolphin-Class tug, Resolution, was built for Foss sister company AmNav Navigation. In the photo, the boat is put through its paces on the Columbia River near the Foss Rainier Shipyard.

Shipyard Group Steps up Fleet Improvement Effort; Rainier Yard to begin building Ocean-Going Tugs

Foss is revving up its efforts to improve existing tugs and build new ones, with plans for two “Tractor-Plus” conversions for Southern California, transformation of a conventional boat into a tractor tug for Puget Sound and construction of four new ocean-going tugs.

All of the conversions will take place at the Foss Shipyard in Seattle, while the construction of the ocean boats would be at the Foss Rainier Shipyard on the Columbia River, where the company is currently building 78-foot Dolphin-class tractors.

Andy Stephens, vice president for engineering, shipyards and project management, said building the large vessels at the Rainier yard will mean substantial improvements at the facility and doubling its workforce, currently at 26.

“The company has made a real commitment to new construction at Rainier,” Stephens said. “The yard continues to efficiently construct high-quality, cost-effective tugs.”

The Tractor-Plus conversion candidates are the *Brynn Foss* and the *Pacific Escort*. Both are 3,000-horsepower tugs powered by twin Voith-Schneider cycloidal drives.

The conversions would add a third propulsion unit, an azimuthal stern drive to each tug, bringing the rated horsepower to about 4,700. Current bollard pull for the tugs is 38 tons ahead and 33 astern, and the new drives would boost that to over 50 tons in each direction.

The Tacoma-based *Wedell Foss* and *Henry Foss*, sisters of the Southern California tugs, have received good reviews since their conversions to Tractor-Plus boats in 2005. It was the first time anywhere that ASD and Voith units had been combined on the same tug.

“The pilots are very happy with them,” said **Wendell Koi**, Pacific Northwest Regional Director. “And as the ships get bigger, the power of these assist tugs becomes more important.

Stephens said that like Tacoma, the L.A./Long Beach harbor has tight channels. The ships calling Southern California are even bigger than those in Tacoma.

“Even though these tugs are 24 years old, they have been well-maintained and we expect them to have another 20 years of life,” Stephens said. “That’s why this investment makes sense.”

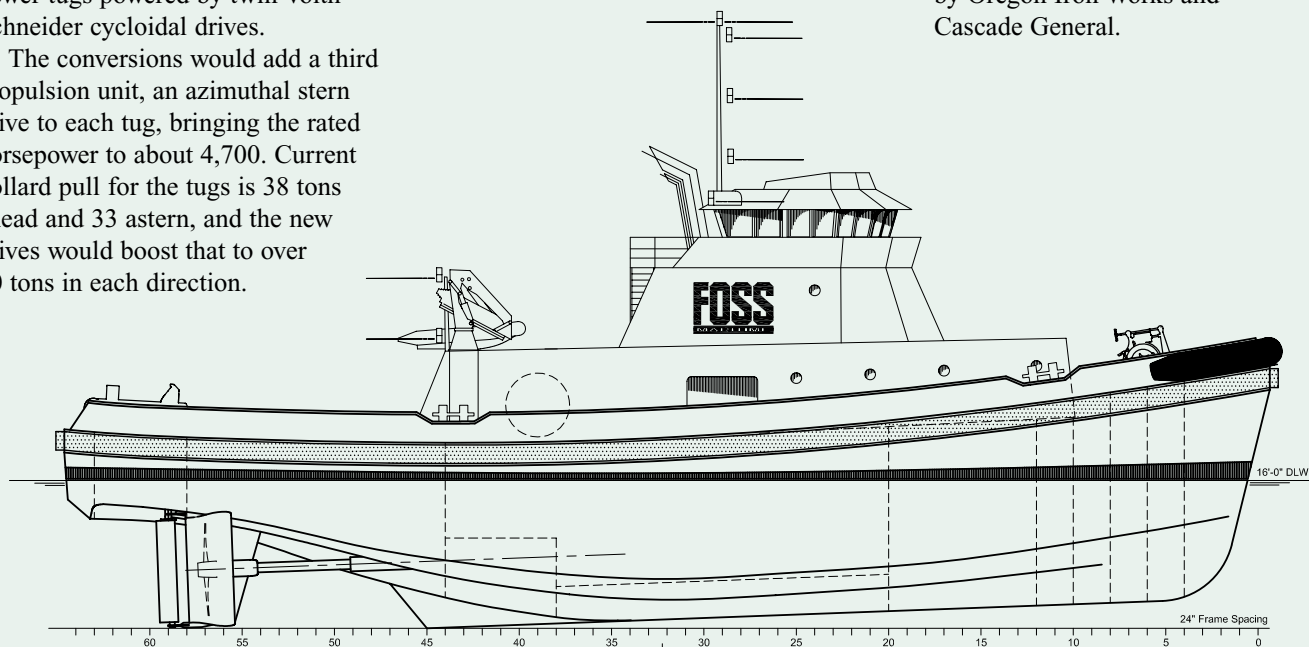
Also planned, but without final approval as yet, is the conversion of the 98-foot *Iver Foss* from a conventional tug used in ocean towing into an ASD tractor tug.

Three of the *Iver’s* sisters, already have undergone the conversion. They are the *Daniel Foss*, based in Portland, the *Liberty* (former *Peter Foss*) operated by sister company AmNav on San Francisco Bay, and the *Mikiala II*, operated by sister company Hawaiian Tug & Barge/Young Brothers (HTB/YB) of Honolulu.

Stephens said the four ocean-going tugs would introduce an “innovative new standard” for such vessels. Construction of the tugs is scheduled to begin late in 2007, when the run of Dolphins is expected to be completed.

Yard improvements to accommodate the project will include adding property by extending the riverside bulkhead by 50 feet, moving or tearing down and rebuilding the current office building, leveling what is currently a multi-tiered sight and improving locker and lunchroom facilities. Weather covers for construction areas already have been purchased.

Foss also is overseeing construction of four new barges for sister company Hawaiian Tug & Barge/Young Brothers. They are to be built at Portland-based U.S. Barge, operated by Oregon Iron Works and Cascade General.



Plans are underway to build ocean-going tugs at the Foss Rainier Shipyard.

Seattle Naval Architecture Firm Becomes a New Division of Foss



David Dumont and Elizabeth Reynolds, former Harbor Marine Group principals, now work for Foss.

Foss in September announced the acquisition of Harbor Marine Group, Inc., of Seattle, a full-service naval architecture and marine engineering firm. The

acquisition, combined with Foss' existing areas of expertise, gives the company a complete line of services for logistics and project management customers.

The new line of business will operate under the Harbor Marine Group (HMG) name as a division of Foss. Principal **David Dumont** will be director of HMG and principal **Elizabeth Reynolds** will be Foss director of engineering.

Andy Stephens, vice president of shipyards, engineering and project management, said HMG's services will be "a natural extension of the vessel conversion, repair and new construction business already offered by our two shipyards."

Foss Executive Vice President **Gary Faber** said the acquisition gives the company "cradle-to-grave engineering services, starting with feasibility calculations in the analysis stage, to developing drawings and prototypes in the design phase, to outfitting an existing vessel or building a new vessel to meet our customers' needs."

Operating throughout the West Coast and Alaska, HMG specializes in engineering services for marine construction, heavy lift and marine transportation. Most recently, the company worked with the Alaska Marine Highway System on vessel refurbishments and upgrades.

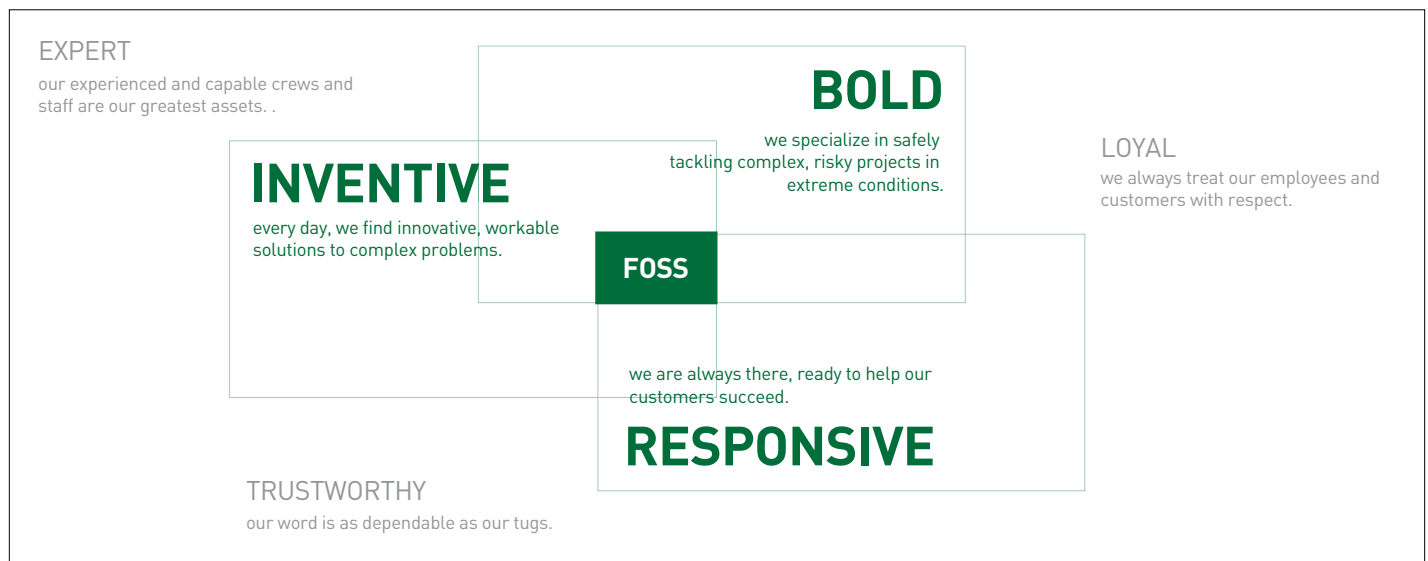
Harbor Marine Group also has supported Foss domestic operations and petroleum development projects in the Far East.

Barge Construction Underway

*Two 25,000-barrel, double-hull petroleum barges for use in San Francisco Bay are under construction for Foss at Orange Ship Building in Orange, Texas. Bay Area Tank Barge Manager **Walt Partika** said the first barge is now about 30 percent complete and is due for delivery in February. The second is to be delivered in June. Shown in the photo is the underside of a deck framing section of the first barge.*



The Foss Brand: Evolving for the Future



Brand Outcome No. 1: A conscious focus on the key traits that make Foss special

By David Hill,
Vice President, Sales
and Marketing



Soon, you will see some exciting new communications from Foss — including an industry-leading web site, which customers, employees and community members can use to get accurate up-to-date information about our company and our services. This, along with a new brochure, ads and other marketing tools will help us communicate who we are as a company and our direction for the future.

The new communication tools are part of a strategic branding and marketing planning process that helped us identify the strengths and characteristics that Foss has built over its 117 year history; this process also provided direction for the best ways to set a solid course for the future by consistently communicating who we are and what we offer to our customers. This was accomplished with the input of 54 employees throughout our regional and corporate offices, and the help of Seattle-based strategic marketing firm, Aukema & Associates.

When we talk about a “brand” we mean all of the pieces that fit together to form the overall perception people

have about our company — what we stand for, what we do, how we look and sound, our values, and what we deliver.

Identifying the traits that set us apart, and working on how best to describe our company and our vision for the future is all part of this. Another important part of this process was developing a new logo, which will be introduced in the coming month!

We’re very excited about the changes we are making, though we recognize that change can be hard. It is a bold step that Foss is taking to introduce a new logo for the first time since 1985.

So why change after all these years? Because Foss is changing. We are proud that Foss has maintained its values, work ethic and dedication to customers for over a hundred years; but today’s Foss is not the small regional company that Thea and Andrew first built in 1889. Today, Foss has operations on both U.S. coasts, an international reach, and the engineering and project management experience to make us a major player in the marine logistics arena.

Our new brand will reflect this forward-looking attitude, and our focus on growing and evolving the company to play a more and more integral role in helping our customers succeed. We have always kept pace with our customers’ needs; and we intend to continue to introduce new technology and services,

Brand Outcome No. 2: A company description that captures the essence of who we are — and where we’re going

Foss is a full service maritime company focused on solving our customers’ toughest marine transportation and logistical challenges — close to home and in some of the harshest environments in the world.

Foss has set the standard for marine transportation for more than a century with our leading edge technology, engineering, and shipbuilding. Every day, Foss tug-boats, barges and people are at work helping our customers succeed in a changing market. With a company-wide commitment to safety and the environment, our seasoned crews and staff provide our customers with safe, reliable service to get the job done right.

comply with new regulations, and enter new geographies in response to their needs — always maintaining our century-old commitment to responsive, reliable, always ready service.

Foss Teams up with United Way of King County To Boost Opportunities for Community Involvement

The Foss headquarters group is joining the corporate volunteering program of United Way of King County in an effort to boost community involvement by both the company and its employees.

In conjunction with the program, 10 Foss employees cleaned out the Wallingford Boys and Girls Club in Seattle on Sept. 15 as part of the United Way Day of Caring. The club, a United Way agency, is about to renovate the site.

Human Resources Assistant **Tina Wissmar**, who is coordinating the effort for Foss, said Day of Caring groups from other companies were working in retirement homes, parks, homeless shelters and other facilities.

In the future, United Way will provide Foss with volunteer opportunities for both groups and individuals. Foss also will meet quarterly with other companies in the volunteering program to share ideas on community involvement.

Patrick Kelley, United Way volunteer initiatives coordinator, said the meetings offer a professional networking opportunities for managers who run community involvement and volunteer programs.

“It’s a great resource for a company to start to branch out in this area of community involvement while avoiding pitfalls along the way,” Kelley said. “You can also copy what others are doing, You don’t have to recreate a program from scratch.”

The group of about 30 counts a wide variety of Puget Sound-area companies among its participants, including Boeing, Microsoft, Starbucks and Washington Mutual. A number of smaller and mid-sized companies also are involved, Kelley said.

As in the past, Foss will continue to be involved with United Way through an annual corporate donation and an employee campaign drive held every November.

*In photo at left, **Kristie Chorny** heads for the dumpster, passing a depository of things that will be salvaged. In right photo, **Rick McKenna**, left, and **Jeremy Burrow** stack folding tables for club Executive Director **Nita Smith**.*



*Foss employees who participated in the Boys and Girls Club cleanup were, kneeling from left, **Sara Leekley**, **Adam Chesley** and **Jeremy Burrow**, and, standing from left, **Bob Wilkinson**, **Tina Wissmar**, **Rick McKenna**, **Sarah Scherer**, **Vance Stanley**, **Kristie Chorny** and **Gil Graham**.*



'No Room for Error' Under New Narrows Bridge With Hundreds of Tons Hanging in the Balance

Capt. **Scott McKinley** is at the controls of the *Pacific Explorer*, the bow of his Foss tractor tug made up to a barge carrying a 120-foot-long section of steel lattice-work that is about to become part of the span of the new Tacoma Narrows suspension bridge.

Four computer-linked thrusters, one on each corner of the barge *Marmac 12*, are steadying it in the current, as gantry cranes mounted on the bridge's main suspension cables increase the tension on four wires that will lift the roadway section.

"Can you believe it?" said McKinley, nodding at the deck section, "that weighs 500 tons."

Over about 20 minutes, the gantry cranes power up to 20 percent, 50 percent and then 80 percent of the load before the first air is visible under the steel, and it is finally and safely clear of the barge.

And then McKinley, following orders relayed from the barge by Chief Engineer **Cleve Mael**, gets ready to move the *Marmac 12* back to the west side of the Narrows, where the heavy-lift ship *Swan* waits with 10 more of the 45 pieces that will form the span.

And so it goes for Foss this summer on the bridge project, an enormous construction job being undertaken for the Washington State Department of Transportation by Tacoma Narrows Constructors, a joint venture of Bechtel and Kiewit Pacific.

The \$849 million bridge, with

3.4 miles of roadway and two towers each 510 feet tall, is in its final stage of construction and is due to open next summer, when a retrofit will begin on the old bridge alongside it.

Foss has been involved in the project since the start, including using tugs to position giant "caissons" for construction of the towers when work on the bridge began in earnest in the summer of 2003.

"The lifts of the roadway sections are part of the final phase of the bridge construction, and safety and good execution are key here because of the weight of the pieces and their potential to swing," said Foss Pacific Northwest Port Captain **Steve Kimmel**. "Our performance through the first few lifts is due to the diligence of the boat crew in working with the various parties involved with the operation."

The roadway sections, built in Korea, are arriving in three shiploads. The *Swan* brought the first load, sailing into Tacoma in June, and was to return to Korea for another load.

Foss Shipyard retrofitted the *Marmac 12* with the four thrusters, each driven by an 800 horsepower engine. They are linked with a computerized "dynamic positioning system" designed to hold the barge in position under the bridge with a one-meter margin of error during the lifts.

To move the roadway sections from the *Swan* the ship is positioned on the west side of the narrows under bridge-

mounted hoists that lift the pieces from the deck. The ship then moves, and the *Pacific Explorer* puts the *Marmac 12* under the hanging deck section, which is then lowered to the barge.

The deck piece is then prepped before being moved under its final resting place on the span, a process that takes about two days. McKinley said the *Pacific Explorer* gets the barge to within 25 feet of the lifting location, then the thrusters take over.

"The biggest challenge here is the current," said McKinley, noting it can run three to five knots even when the tide is supposed to be slack.

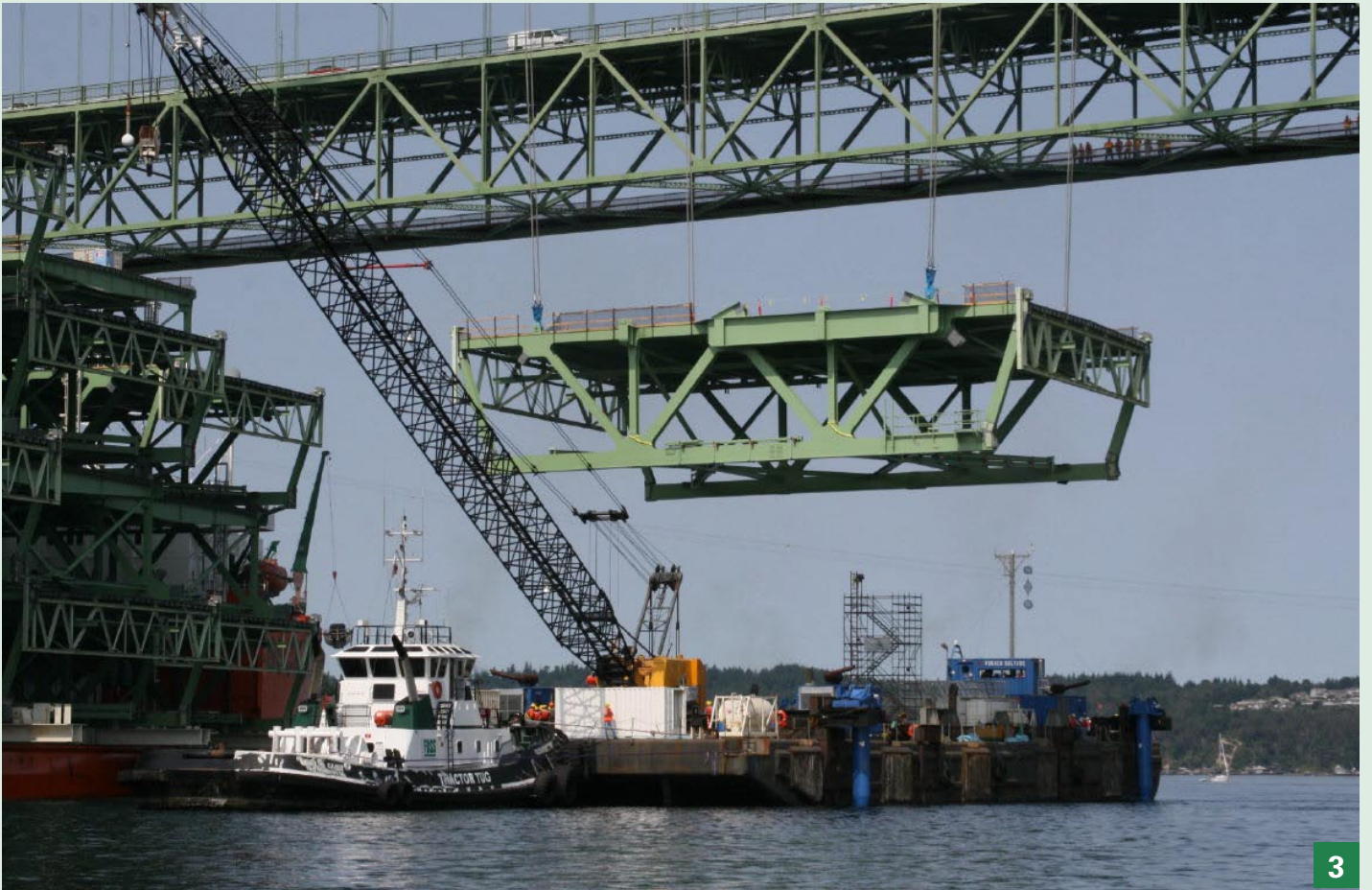
If the thrusters fail, during the lift, the *Pacific Explorer* is there for emergency steadying. During the entire process, McKinley is ready at the throttles, with the tug's azimuthal stern drives positioned to push the tug and barge against the current to maintain position.

"There isn't much room for error or to relax," he said.

- 1 Workers in safety harnesses, atop a roadway section, secure a pin fixing the section to the rigging used to hoist it from the barge *Marmac 12*.
- 2 Capt. **Scott McKinley**, in the pilot house of the *Pacific Explorer*, as a roadway section is lifted to the new Tacoma Narrows Bridge.
- 3 A roadway section, just lifted from the heavy lift ship *Swan*, left, is lowered to the barge *Marmac 12* as the tug *Pacific Explorer* assists.
- 4 Regular crewmembers of the *Pacific Explorer* include, from left, Capt. **Dave Corrie**, Mate **Brad Laakso**, Deckhand/Engineer **Joe Connors**, Engineer **Cleve Mael** and Cook **Jason Esposito**. Capt. **Scott McKinley** is absent.



Mike Stork Photo



3

Mike Stork Photo



4



Barge Beauty Treatment

A U.S. Navy barge used as a floating shop at the Inactive Ships Maintenance Facility in Bremerton, Wash., was at Foss Shipyard for a month this summer for sandblasting and painting inside and out. Ship Superintendent **Guy Hall** said the barge had been in the water continuously for 18 years and was covered with heavy marine growth, which died in the fresh water of the Lake Washington Ship Canal and then washed off easily when the barge was drydocked. In the photos, workers re-attach fenders to the barge.



Oil Spill Task Force Honors Justine

Foss on July 20 received a Legacy Award from the Pacific States/British Columbia Oil Spill Task Force. The award was in recognition of the rescue last January by the Justine Foss of five crewmembers from a sinking tug and the retrieval of its full oil barge off the coast of North Carolina. Receiving the award for Foss were Justine Foss Capt. **Sam Nelson**, right, and Senior Vice President of Marine Transportation and Petroleum **Don McElroy**. Presenting the award, center, was **Lisa Curtis**, Administrator, California Office of Spill Prevention and Response. The award, presented at the Task Force's annual meeting in San Diego, is the latest in a series received by the Justine for the high-seas rescue, during which the Foss tug and its crew braved 15-foot seas and 50-knot winds.

Ice Delays Red Dog Start; Team Catches Up in August

A slow-to-retreat ice pack forced a delay in lightering operations until July 20 at the Red Dog Mine, the latest start for Foss in 17 seasons working at the Teck Cominco ore facility in the Alaskan Arctic.

But **Don McElroy**, senior vice president of marine transportation and petroleum, said the team was nearly caught up in August and expected to finish loading ore on the last of 24 ships by mid-October. Foss has two ore barges and four tugs on the job.

"We continue to have a few fits and starts with the weather, but, as usual, the employees have been moving a lot of dirt," McElroy said.



Easy Does It

Danny Gipson, Foss ship repair superintendent, helps ease the main bearing out of a 100-ton capacity Navy crane Aug. 15 at the Norfolk Naval Shipyard in Virginia. Gipson is leading a Foss team that is helping to overhaul the crane, which was jacked up so that the bearing could be removed. It is the sixth such crane Foss has re-fitted for the Navy. Traveling to Virginia with Gipson were **Jim Leupold**, assistant superintendent, **Jim Mosman**, lead rigger, **Greg Mankertz** and **Ken Purtteman**, machinists, and **Lloyd Priest**, technical advisor.



U.S. Coast Guard Photos



Emma On The Spot

The Emma Foss, returning to Seattle from the Sakhalin Island sealift in late July, was the first tug on the scene after a car-carrying ship developed a near-80-degree list to port during ballasting operations off the Aleutian Islands. The 654-foot Cougar Ace was carrying automobiles to the United States and Canada. The Emma towed the ship toward Adak briefly, until a larger tug from another company arrived on the scene. The ship was successfully righted and towed to Portland for repairs.

Bay Area Crews Join Captains in Resource Training

Foss marine personnel in San Francisco were improving skills in operations and teamwork this summer during Team Resource Management Training sessions at the Army Reserve Training Center on Mare Island.

Unlike similar programs held just for deck officers in the past, the one-day sessions included all fleet employees, including deckhands,

engineers, levermen and tankermen. The training was planned to line up with the company's Operational Excellence Program.

Eight to 12 crew members attended each session. Bay Area Port Capt. **John Butcher** led morning discussions covering such subjects as stress management, situational awareness, voyage planning and team building.

In the afternoon, the groups split into teams to work on the two simulators at the Reserve Center, practicing tug operations and facing such mock challenges as rudder failure and having a man overboard.

The simulator is operated by a team led by Capt. **Robert Blomerth**.

Norm Manly Helped Build a Positive Image for Foss And Industry During His 42-year Career

No matter who you were — a man in a suit with \$10 million in business or a nervous kid looking for a job — **Norm Manly** would always take the time to talk to you if you walked up to the window outside his office.

“It’s always been my philosophy,” Manly said recently at Foss headquarters, where he has worked almost 42 years. “If someone comes through that door, no matter how busy I am, I’ll take the time to talk to them.”

He added, “By me doing that, people would walk away with a good feeling about Foss, not Norm Manly. And it’s something to remember as the company grows.”

Manly himself, something of an icon at Foss, will be walking away from the company with a good feeling about it this fall. He planned to cut back to part time at the end of August and fully retire in October after **Monte Crowley**, his successor as marine personnel manager, has settled into the job.

Over the last decade, Manly has been sort of a one-man public relations department for a company that didn’t, formally, have one.

He has won numerous awards as he campaigned tirelessly to raise the

profile of the maritime industry as founder and president of the Youth Maritime Training Association.

In 2004, Manly was named winner of the prestigious Puget Sound Maritime Achievement Award, presented at a banquet on a cruise ship attended by more than 1,000 people on Maritime Day.

That’s an honor normally presented to corporate chieftains, a group with whom Manly easily rubs elbows though he didn’t get past high school and favors Hawaiian shirts over suits.

“We’ve made some headway — we helped build a positive image for the maritime industry in the Puget Sound area for a lot of people who wouldn’t have known about it,” he said.

Manly was raised in Tacoma, the son of late Foss Capt. **Harry Manly**, who retired in 1972 with 41 years of service. The younger Manly recalls developing a love for the water while spending time with his dad on the boats, polishing the brass and being temporarily frightened by deckhands’ stories about bilge rats and other nautical terrors.

After graduating from high school and spending three years in the U.S. Navy, Manly found himself working for several years as a deckhand on his



Norm Manly, in 1963 during his stint in the Navy.

father’s boat, the *Peter Foss*. He left the waterfront for about a year on a misguided jaunt into a California business owned by his father-in-law, and then returned to Foss for good and ended up in Seattle in marine personnel, crewing up the boats.

“This is the perfect job for me,” he said. “I’m good with people, I like the variety, and I don’t get frustrated handling a lot of details and having a lot of balls in the air.”

Manly and his wife Susan are building a house in Manson, in eastern Washington, on a hill overlooking Lake Chelan. He plans to spend time traveling, fishing, learning to hunt birds, and will keep his hand in the maritime industry by doing publications and promotional work for YMTA.

He will finish out the garage as a workshop decorated with maritime memorabilia, which his wife doesn’t want in the house, and equipped with a refrigerator stocked with beer for people who stop by, a bonus he couldn’t afford them at Foss.

“I’ll get up in the morning and I’ll go out in my shop and I’ll look at that phone, and it isn’t going to be ringing,” he said. “I’ll miss that part of it, and the people, I’ll always miss them.”



Norm Manly on the Henrietta Foss, a restored tug he often operated during company and community functions. The Henrietta is now the yacht of one of the Foss owners.



Elmer in Drydock

*The 63-foot work boat Elmer M., owned by Manson Construction, was in drydock at Foss Shipyard for three weeks this summer for installation of a new propulsion system, steel repairs and other maintenance work. Ship Repair Superintendent **Guy Hall** said the shipyard installed new shafts, re-fitted the propellers and aligned new engines purchased by Manson for the boat. The yard also sandblasted and painted the hull. The Elmer M. is outfitted for pushing and salvage and has worked for Manson from Dutch Harbor, Ala., to Mexico. The boat was built by Manson in its Seattle yard from scrap in 1972.*



Among competitors in the Towboat Invitational was a foursome including, from left, **Dave Hill**, Foss, **Jan Mosby**, Kalama Export Co., **Arnie Schaufler**, CLD Pacific Grain, and **Greg Sohler**, Foss.

Towboat Golf Tourney Raises \$155,000 for Northwest Charities

A golf tournament sponsored by Foss Maritime and Sause Bros., a tug company based in Coos Bay, Ore., raised a record \$155,000 this summer for The Heart Institute at Virginia Mason and the Boys & Girls Club of Southwestern Oregon.

The Seventh Annual Towboat Invitational was held July 31 at the Reserve Vineyards & Golf Club in Aloha, Ore. A total of 160 participants played golf and enjoyed social events, including a live auction.

“Foss is proud to have established a tradition of giving back to our communities in a real, tangible way,” said **Scott Merritt**, Foss senior vice president for harbor services and regional towing. “We look forward to working with Sause Bros. and our industry colleagues to raise even more money for these important organizations next year.

Since its inception in 2000, the event has netted nearly \$1 million.

Self-Inflating PFDs Are Lighter and Less Bulky

Foss recently distributed about 650 new self-inflating life vests to all marine employees, reinforcing a new policy that calls for Personal Flotation Devices whenever underway on the weather decks or when there is a risk of falling overboard.

The new personal protective equipment (PPE) policy also requires life vests when: stepping on or outside the bull rail; working within five feet of an unguarded water’s edge; going on or off a vessel from a dock or mooring without an approved gangway; moving from vessel to vessel; and tying up or letting go of a vessel.

The vests are less bulky, lighter and more comfortable to wear than traditional work vests. CO2 cartridges inflate the vests when activated by a moisture sensor or when the user pulls a cord. The vests can be packed for air travel, but due to the CO2 cartridge must be stowed with checked luggage rather than carry on baggage.

Crewmembers are free to continue to use traditional work vests if they choose. Vessels also will continue to maintain their inventory of Type I life preservers and immersion suits, as required by Coast Guard regulations.



Modeling a self-inflating life vest at Foss headquarters is Pacific Northwest Mate **Kent Salo**.

Film on Company Founder Premieres in Tacoma; Documentary Traces Life, Success of Thea Foss

A documentary film about **Thea Foss**, who began life as a farmer's daughter with eight siblings in Norway and went on to start what would become one of the leading tugboat companies in the United States, premiered Sept. 11 at the Washington State History Museum in Tacoma.

More than two years in the making, "Finding Thea" was produced and directed by **Nancy Bourne Haley** of Tacoma and **Lucy Ostrander** of Bainbridge Island. Interspersed with historic photos of Tacoma, Puget Sound, the Foss family and their business, it is a story of how hard work and perseverance propelled an immigrant family from poverty to realization of the American dream.

"We came to know Thea better during the project, as a woman before her time," Haley said. "In a world of men, she was the creative and entrepreneurial force that propelled her family to succeed in a new world, and her success is still growing with the company today,"

Foss and its parent companies Marine Resources Group and SaltChuk Resources were among the lead underwriters of the film.

The 25-minute documentary traces Thea's life from her birth in a Norwegian Village near Oslo in 1858. In a time of famine and economic depression, she moved to Oslo to be a servant girl in a wealthy household and lessen the burden on her family.

There, she met her future husband, seafarer and carpenter **Andrew Foss**, and they emigrated separately to America, because they couldn't afford to make the trip at the same time. Andrew came first, in 1875. They were married in 1881 and settled in Minnesota.

They moved to Tacoma a few years later after Andrew got a job with the Northern Pacific Railroad, living in a one-room floating home he built with beach wood and filled with scavenged furniture.

The roots of the company go back to 1889, when Thea bought a rowboat for \$5, rebuilt and spruced it up with green and white paint, and sold it for \$10. Andrew then started building rowboats, and the venture developed into a boat-rental business that would evolve into the building and operating of launches and tugs.



Thea Foss

Also included in "Finding Thea" are scenes from the original "Tugboat Annie" movie. Thea was a model for the principal character in the Norman Reilly Raine short stories that inspired the movie as well as subsequent motion pictures and a television series.

The documentary also features interviews with University of Washington historian **Michael Sullivan** and **Janet Rasmussen**, author of the book, "New Land, New Lives."

Its narrator concludes by saying Thea engineered the evolution of the company that still bears the family name.

"This now-giant tugboat company continues to expand during its second century," the narrator says, "and to be inspired by the vision, philosophy and entrepreneurial confidence of its founder, Thea, affectionately known by all as Mother Foss."

In addition to its Tacoma premier, the film was also featured at the Port Townsend Film Festival on Sept. 16 and will be screened throughout Puget Sound in the coming year. For more information about where to see the film, visit www.findingthea.com.



Mike Stork Photo

At the premier of "Finding Thea" were, from left, Nancy Bourne Haley, co-producer/director, Don Sellers, videographer/editor, Lucy Ostrander, co-producer/director, and Tom Cashman, executive director of the Foss Waterway Seaport in Tacoma.



Bay Barbecue

*Patrick Mulcahy, San Francisco Bay Area petroleum coordinator, manned the grill, lower right, at the region's annual family picnic July 29 at Barbara and Jay Vincent Park in Richmond, Calif. Lower left, **Connor Bennett**, son of Commercial Manager **Shawn Bennet** is ready to decorate a fish at the arts-and-crafts table. And pulling hard in the tug-of-war, above, were, from left, **Tyler Putzke, Judy Partika, Dan Massey, Christian Potenti, Carol Partika, Walt Partika, Jennifer Woodruff, Joe Plant, Danny Eddleston, Mike Potenti and Greg Peottgen**. The picnic also featured a balloon toss, an egg-and-spoon relay, a heaving-line-toss contest and a pinata for the kids.*



Customer Appreciation Barbecue

Hamburgers, hot dogs and friendship were the order of the day at the Seventh Annual Foss Maritime Company Customer Appreciation Barbecues Aug. 8 in Tacoma and Aug. 15 in Seattle. Photographed at the Seattle gathering, from left, in each photo, were:

- 1** *Kevin Pinson, International Shipping, Matt Brown, Foss, and Alex Powers, International Shipping.*
- 2** *David Herring, Foss, Greg Thomas, Iquique US, Jerry Downing, B&N Fisheries Co., Greg Schaut, Foss, and John Halhjem, Trident Seafoods.*
- 3** *Pete Campbell, Foss (Ret.), Jay Peterson, Foss (Ret.), Joe Langjhar, MRG, and Paul Stevens, MRG.*
- 4** *Steve Metruck, USCG, Bob Bohlman, Marine Exchange, Gordon Neumiller, University of Washington, and Greg Shelton, University of Washington.*
- 5** *Dirk Kristensen, Tom Bringloe and David Gray, all from The Glostsen Associates and Larry Johnson, Foss.*
- 6** *Steve Kimmel, Foss, and Ron McCray, General Construction.*



Three Win Scholarships for Children of Foss Employees

Two young people who are entering college this fall and one who is a junior have been named winners of Foss Maritime Scholarships, based on outstanding achievement, to assist with their post-secondary educations. The awards go to employees' children.

This year's winners are:

• **Taylor Gazeley**, son of Foss Marine Transportation senior Captain **Herb Gazeley** and **Gwen Gazeley**. Taylor is an honors graduate of Marist High School in



Eugene, Ore., where he played on last year's 3-A state championship football team. He also was a volunteer firefighter, Kiwanis student of the year and a member of the National Honor Society. Taylor is now a freshman at Tulane University in New Orleans.

• **Lisa Lonich**, daughter of Long Beach Capt. **Mike Lonich** and **Janet Lonich**. Lisa is a graduate of San Clemente High School in San



Clemente, Calif., where she was a scholar athlete and member of the league champion girls' varsity golf team. She also enjoys interpreting sign language and was a member of the Bible Literature Club. Lisa is now a freshman at Azusa Pacific University in Azusa, Calif.

• **Jill Salo**, the daughter of Pacific Northwest Mate **Kent Salo** and **Lisa Skelton**. Jill is a graduate of Bainbridge Island High School and is now a junior at the University of Washington, where she has been on the dean's list her first two years. She is studying Spanish, has visited Costa Rica, and she volunteers at Children's Hospital and Regional Medical Center.



Reaching the Pinnacle

Painter **Jonathan Martin** stretches to reach a spot on the hull of the crab boat *Pinnacle*, in drydock at Foss Shipyard for about three weeks in August. Ship Repair Superintendent **Greg Schaut** said the original work order covered painting, zinc replacement and inspection of bearings and overboard valves. The shipyard also found and fixed hull plating that needed to be replaced. The Seattle-based crab boat, which Schaut said is "impeccably maintained," is owned by **Walt Casto** and his son **Mark**.

"Always Ready"

People News

PROMOTIONS

Earl Clark

Project Coordinator to Marketing Specialist, Seattle

Julie Gasparo

Operations Administrator to Administrative Manager, Long Beach

Kayce Hawk

Accountant to Accounting Lead

Mike O'Connor

Line Superintendent to Manager, Lines Services, Seattle

Sara Scherer

Operations Coordinator to Shipyard Health and Safety Coordinator

NEW EMPLOYEES

Mel Cordova

Line Superintendent, Seattle

Dave Dumont

Director, HMG

Morgan Gerck

Marine Mechanic, San Francisco Bay

Elizabeth Reynolds

Director, Engineering

Tarah Younger

Purchasing Secretary, Seattle

RETIREMENTS

Myron Balchin Sr.

Captain, Long Beach

Danny Gipson

Superintendent Ship Repair, Seattle Shipyard

PASSINGS

Chester Elmquist

Retired PNW Captain

Darrel Hobson

Crane Operator, Seattle Shipyard

Norman Isacson

Retired PNW Cook

Marvin Wright

Retired PNW Cook/Deckhand



Mini Fleet

Tom Stevens, left, and Alan Wing of the Northwest Radio-Controlled Ship Modelers herd models of the yacht Thea Foss and a number of Foss tugs together during the Foss Cup competition Aug. 19 at Downtown Park in Bellevue, Wash. The event, in which competitors demonstrate their boat handling skills, was won this year by 16-year-old Alan Burchett of Ladysmith, B.C. Foss sponsors the competition, and judges this year included former Foss Captains Arnie Andrews and Jim Martin.



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