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November 14, 2014

Bruce McCandless
Asst. City Administrator
City of Billings
PO Box 1178
Billings, MT 59103

**RE: Empire Parking Garage (the "Project");
Weather Impact/Delay, Change Order No. 8**

Dear Bruce:

As we are all aware, this past winter was historic in terms of snow and cold and the impacts of the Project being pushed into the winter months were significant. Sletten Construction incurred substantial costs working through winter months in an effort to have the Project completed and open to the public in the summer of 2014. In previous discussions, the question was asked why Sletten Construction worked through the winter months. The decision to work through winter was not taken lightly. Sletten Construction knew that shutting the site down would not have cut off all costs as equipment and crane costs would have continued through the hiatus. Moreover, Sletten Construction would have lost its crew and been required to get new people up-to-speed to finish the work in the summer months. If we would have known the winter was going to be the worst in the past 80 years, we may have acted differently, but Sletten Construction had to make a "real time" decision and chose what it thought would be best for the Project and the City.

When discussing the proper pricing for this change order, there were various pricing models available. The prime contract in the form of the DBIA Standard Form of Agreement between Owner and Design-Builder – Cost Plus Fee with an Option for a Guaranteed Maximum Price (the "Contract") indicates this Project was contemplated as the cost of the work plus 5% fee. "Cost of the Work" as defined by the Contract, includes (i) wages and burden of direct employees performing the work and specified supervisory employees¹; (ii) payments to subcontractor including insurance and bond premiums²; (iii) costs of materials and equipment used on the Project³; and (iv) rental

¹ Contract §§ 6.3.1 thru 6.3.4.

² Contract § 6.3.6

³ Contract §6.3.9

charges for equipment and machinery.⁴ Due to the extreme weather conditions, these costs were increased and this Project was impacted in an unforeseeable manner.

Pursuant to the foregoing, Sletten Construction is seeking an adjustment to its Contract for delay/impact costs incurred during the winter. In total, Sletten Construction is seeking compensation for an additional 44 working days in the winter. We request the following be taken into consideration:

- The 44 days represents a good faith compromise on time between City representatives and Sletten Construction. The daily cost breakdown includes costs for labor related to concrete activities and general conditions costs broken down between labor and non-labor items. (*See attached Daily Cost Breakdown*)
- Direct winter protection costs (heat, cover and snow removal) were incurred well beyond any amounts either party could have contemplated in June 2013 when Change Order # 3 pushed the schedule approximately 66 days due to the additional time needed to sale the bonds funding the Project.
- The weather delays caused an extended rental of the forming and shoring equipment for approximately 9 weeks. Notably, had Sletten Construction elected to stop work for the winter months, the rental costs would probably be closer to double the current amount. The same would go for the crane costs.
- The additional labor costs incurred by Sletten Construction include snow removal, setting up winter protection, and inefficiencies of setting forms in freezing temperatures. Tasks unaffected by weather, e.g., concrete placement, did not face increases or overruns.
- While there were some struggles, Sletten Construction was able to manage the subcontractors and purchase orders to avoid additional costs claims for winter work. Scheduling the placement crew was difficult as we were unable to perform per our original schedule due to the weather conditions impacting the deck pours as early as October 2013. (*See attached Schedule Narrative*)

⁴ Contract §6.3.12

November 14, 2014
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Pursuant to the foregoing, Sletten Construction hereby requests Change Order # 8 for time/delay impacts due to the extreme winter weather. The total cost of the change is calculated as follows:

Description	Price
44 days at \$12,371.93 per day	\$544,364.92
Extended Form Rental (9 weeks)	\$86,004.42
Winter protection/snow removal	\$133,898.98
Total:	\$764,268.32

In support of this change order request, we have attached the following exhibits:

- Exhibit 1 – Schedule Narrative
- Exhibit 2 – Daily cost breakdown (labor and general conditions)
- Exhibit 3 – Form Rental Agreement
- Exhibit 4 – Direct Cold Weather/Winter project costs.
- Exhibit 5 – NOAA Weather Records

We appreciate your attention to this matter. Please do not hesitate to contact me with any questions or concerns. If you need additional information, we will gladly pull it together.

Very truly yours,



SHAWN WARNER
Vice President

cc: EJS; DTW; File

Attachments: as stated

Exhibit 1

Schedule Narrative

Exhibit 1



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Schedule Narrative/Analysis

Sletten Construction requests a 44 day time extension due to the extreme weather conditions experienced from late October 2013 through early April 2014. The severity of the past winter caused significant problems throughout Montana, and the parking garage was no different. The extreme weather conditions caused increased costs including, but not limited to, snow removal, tenting, heating, blanketing, diminished production, extended general conditions, and extended duration for equipment and form system rental.

Weather Delay Summary

Initially, the concrete forming and casting was scheduled to commence in the spring of 2013 with the final decking and striping of the forms occurring in late September 2013. Such a schedule permitted the majority of the forming work and concrete pours to be completed during the summer months, with only a few levels occurring in the fall. Early in the Project, construction of the parking garage was delayed in order to complete project financing through the sale of bonds. This delay was addressed in Change Order #3, which recognized that the concrete forming and casting was being pushed into the winter months. Unknown at that time was the extreme harshness of the upcoming winter and its impacts on the construction of the parking garage.

For the Project, the proper sequencing and cycling of concrete forms was a key to construction. The Project production cycle of deck pours required Sletten Construction to use two sets of forming equipment, each on a forming cycle. If a weather event interrupted a pour cycle, not only would the pour date get pushed back but also the forming cycle would become inconsistent and less efficient. Complicating the matter is the fact the concrete placement crew was from out of town and if weather interfered with the pour dates, additional time would be needed to schedule the placement crew.

According to the National Oceanic and Atmospheric Administration (“NOAA”)¹, October 2013 was the fifth wettest, over twice the average precipitation levels, and tenth coldest October out of the last 80 years. Pursuant to the abovementioned cycle, Sletten Construction cast decks on October 5 and October 15, with third deck pour scheduled for October 28. Unfortunately, a weather event on October 28 wherein approximately 5 inches of snow fell required the deck casting to be canceled. The placement crew that came in to complete the work was not available to return on a date with acceptable weather until November 22nd.

After the storm in late October, the placement crew was scheduled to return to the Project for casting during the second week of November to resume the cycle. On November 11, 2013, a heavy snow storm hit Billings resulting in the deck placement being postponed for a second time. In total, losing the placement crew twice due to weather events caused a delay of 24 days, including the 7 days of poor weather and snow removal. In an attempt to mitigate the weather delays, Sletten Construction prepared both sets of forms for the next available pour date

¹ NOAA records are attached as Exhibit 5

(approx. November 22) and acquired materials to create a non-cycling third set of forms. As such, when the weather permitted and the placement crew was available, Sletten Construction poured three decks in a matter of 7 days. The additional curing time due to the cold weather coupled with the fact that both forms were in use and not available to be cycled, pushed the Project schedule out.

After the concrete had cured for the three deck pours at the end of November, December was to be used to cycle the forms, place rebar and prepare for the next casting. December's weather was historically bad. The NOAA shows December 2013 as the second snowiest December in the past 80 years, with 4 days breaking all time snow records (December 2, 3, 19 and 22). Rather than preparing forms, much of the time was spent keeping the project in a workable state. In total, the bitter cold, significant snow and high winds caused a delay in the amount 21 days of the production and did not permit any concrete to be placed.

After record breaking storms on January 1st and 4th (necessitating substantial snow removal), conditions started to improved and concrete was cast on January 15 and January 25. Including the initial snow storms, 14 days of production were lost in January, but the weather appeared to be trending in a favorable manner. Unfortunately, the favorable weather did not hold and another record breaking snow fall occurred on January 30.

Ushered in by a record breaking storm, the NOAA shows that February 2014 was the wettest February on record with over four times the average monthly precipitation and six times the average monthly snowfall. Over 12 snow days occurred in February 2014 with new records being set on February 23 and 28. During this time, snow removal was the primary work function and production was extremely limited. A deck was poured on February 21, but overall approximately 21 days of production were lost.

The record snow on February 28 brought March in like a lion. NOAA shows the high temperatures for March 1 as -3 degrees and -4 degrees on March 2. Frequent snow events and high winds wreaked havoc on the Project and caused a delay of 18 days during March. Between snow events and with rising temperatures, three decks were successfully poured.

The final deck was poured in April. April 2014 saw the loss of one work day for snow removal.

In total, Sletten Construction is seeking compensation for an additional 44 working days due to the extreme weather events. As a show of good faith, Sletten Construction is not seeking approximately 5 weeks of lost time caused by the placement crew's unavailability due to weather caused concrete pour cancellations. As such, Sletten requests the City approve a change order (#8) to compensate Sletten for the additional 44 working days caused by the extreme weather events.

Exhibit 2

Daily Cost Breakdown (Labor and General Conditions)

Exhibit 2

Sletten Construction Company
 Cost Summary - Period 2/10/14 to 3/29/14
 Concrete Activities & General Conditions Activities

"LABOR" COSTS FOR CONCRETE ACTIVITIES:

Week Ended	Forming		Casting		Total Hours	Days Worked	Total Costs	Daily Averages:	
	Hours	Costs	Hours	Costs				Weekly Costs Divided By	Days Worked
2/15/2014	1,263.50	45,370.77	0.00	0.00	1,263.50	6	45,370.77	7,562	1,612
2/22/2014	1,509.25	52,700.32	0.00	0.00	1,509.25	5	52,700.32	10,540	2,133
3/1/2014	776.50	27,815.77	0.00	0.00	776.50	4	27,815.77	6,954	2,272
3/8/2014	856.75	28,982.48	0.00	0.00	856.75	6	28,982.48	4,830	1,968
3/15/2014	1,229.50	41,517.65	0.00	0.00	1,229.50	5	41,517.65	8,304	2,661
3/22/2014	1,014.00	33,853.76	0.00	0.00	1,014.00	5	33,853.76	6,771	2,672
3/29/2014	971.50	32,130.85	0.00	0.00	971.50	5	32,130.85	6,426	2,407
	7,621.00	262,371.59	1,284	43,903	7,622.10	36	262,371.59	7,288	2,221
	0	0	0	0	0	0	0	0	0

Detail at Sch C		GC Group Phases:		Daily Averages:	
Hours	Days Worked	Total Costs	Weekly Costs Divided By	Days Worked	Costs
138.00	6	9,672.45	1,612		
169.00	5	10,665.98	2,133		
129.00	4	9,087.16	2,272		
229.25	6	11,810.58	1,968		
249.50	5	13,304.82	2,661		
276.00	5	13,362.48	2,672		
188.00	5	12,035.69	2,407		
1,378.75	36	79,939.15	2,221		
0	0	0	0		

"LABOR" COSTS FOR CONCRETE ACTIVITIES

Daily Average Cost
 \$ 7,288.10

"LABOR" COSTS FOR GENERAL CONDITIONS ACTIVITIES

\$ 2,220.53

"NON-LABOR" COSTS FOR GENERAL CONDITIONS ACTIVITIES:

\$ 2,863.30

TOTAL DAILY COST = \$ 12,371.93

SCHEDULED

Sletten Construction Company
 Non-Labor Cost Detail - Period 2/9/14 to 3/31/14
 Phase Group: General Conditions

Job	Phase	Comp. Ph.	Category	CDDate	Vendor	Empl	Description	Vendor Name	Inv	Ref	PDF	Total Units	Total Amount	E=Exclude	Net Amount	Description
		999 Total													0.00	1% Tax
		1050 Total													368.73	Safety Supplies
		1051 Total													399.52	Safety Supplies
		1142 Total													52.00	Engineering
		1150 Total													1,669.40	EEO / Safety
		1170 Total													123.38	Subsistence
		1175 Total													6,803.37	Subsistence
		1220 Total													0.00	
		1224 Total													0.00	
		1225 Total													1,295.10	Dump Fees
		1230 Total													20.51	Postage
		1272 Total													1,230.07	Temp Power
		1502 Total													444.28	Temp Power
		1503 Total													3,102.25	Temp Phone
		1505 Total													19.31	Temp Water
		1508 Total													1,505.04	Temp Toilets
		1514 Total													6,973.95	Temp Rails/Ladders
		1516 Total													2,500.00	Temp Enclosures
		1550 Total													585.00	Temp Fence
		1590 Total													68.25	Fuel
		1591 Total													122.69	Site Office
		1595 Total													1,819.17	Site Office
		1601 Total													276.50	Site Storage
		1602 Total													24,331.28	Maintenance / Fuel
		1603 Total													4,479.24	Pickups
		1630 Total													2,095.14	Skidsteer
		1632 Total													663.60	Compressor
		1634 Total													245.86	Small Tools
		1635 Total													16,867.51	Telescopic FL
		1641 Total													2,350.60	Scissor Lift
		1645 Total													6,657.78	Fortlift
		1650 Total													15,999.20	Tower Crane
		1800 Total													0.00	
		19001 Total													9.98	Supplies
		Grand Total													103,078.71	

Number of Work Days 2/9/14 to 3/31/14

36

"NON-LABOR" GENERAL CONDITIONS COSTS (divided by) NUMBER OF WORK DAYS:

2,863.30

Exhibit 3

Extended Form Rental

Exhibit 3

ALUMA SYSTEMS RENTAL SUMMARY

	1/23/14 - 2/19/2014	2/20/2014 - 3/19/2014	3/20/2014 - 4/16/2014
Monthly invoice after credit =	\$ 33,908.78	\$ 37,182.11	\$ 38,220.16
<u>Credit =</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 3,961.95</u>
Monthly invoice prior to credit =	\$ 38,908.78	\$ 42,182.11	\$ 42,182.11
		Average montly invoice = \$	41,091.00
		Average weekly invoice = \$	9,556.05
		9 weeks rental (44 working days) = \$	86,004.42



**SLETTEN CONSTRUCTION
EMPIRE PARKING GARAGE
SCHEDULE OF VALUES**

Description	Rental Qty	Units	Unit Rental Costs (Per 28 days)	Extended Rental Costs (Per 28 days)	Ship Date	Start Date	Stop Date	Rental Billing e13-710	Rental Billing 711-87	Rental Billing 88-94	Rental Billing 95-102	Rental Billing 103-1020	Rental Billing 1031-1127	Rental Billing 1128-1225	Rental Billing 1226-122	Rental Billing 123-219	Rental Billing 220-319	Rental Billing 320-416	Rental Billing 417-514	TOTAL BILLED TO DATE
Columns	2,972	SF	1.50	4,458.00	6/12	6/13		4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	4,458.00	53,496.00
Shoring - L2 half level still on site	19,582	SF	0.59	23,106.76	Var	7/22	10/28	0.00	14,029.25	23,106.76	20,218.38	10,728.12	0.00	0.00	0.00	23,106.76	23,106.76	23,106.76	23,106.76	66,082.51
Shoring - L3	39,164	SF	0.59	23,106.76	Var	9/25					5,776.68	23,106.76	23,106.76	23,106.76	23,106.76	23,106.76	23,106.76	23,106.76	23,106.76	190,630.76
Extra Beam equipment	5,545	SF	0.59	3,271.55	10/24	10/25						701.04	3,271.55	3,271.55	3,271.55	3,271.55	3,271.55	3,271.55	3,271.55	23,601.89
Extra Beam equipment #2	3,744	SF	0.59	2,209.00	1/15	1/16							552.25	552.25	2,209.00	2,209.00	2,209.00	2,209.00	2,209.00	9,388.25
Reshores - #4 HD Posts	70	EA	5.00	350.00	10/11	10/15		0.00	0.00	0.00	200.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	2,650.00
Reshores - #2 HD Posts	579	EA	4.40	2,547.60	10/11	10/15		0.00	0.00	0.00	1,455.84	2,547.60	2,547.60	2,547.60	2,547.60	2,547.60	2,547.60	2,547.60	2,547.60	19,289.04
L3 Reshores - #2 HD Posts	709	EA	4.40	3,119.60	11/1	11/4					2,674.08	3,119.60	3,119.60	3,119.60	3,119.60	3,119.60	3,119.60	3,119.60	3,119.60	21,391.68
L4 Reshores - #2 HD Posts	709	EA	4.40	3,119.60	1/3	1/6							1,894.04	1,894.04	3,119.60	3,119.60	3,119.60	3,119.60	3,119.60	14,372.44
L5 Reshores - #2 HD Posts	488	EA	4.40	2,147.20																0.00
Add for Unbilled Rentals																4,979.23				
Credit - Early Rental Billing																-9,252.56				
HOLD BACK FOR POTENTIAL BACKCHARGES																				
Credit for Returned Material																				
Rental Subtotals				8,386.40				4,458.00	13,487.25	27,564.76	30,453.06	40,649.76	31,407.99	36,853.51	39,299.80	33,908.78	37,182.11	38,220.16	32,414.68	369,173.19
FREIGHT'S ENGINEERING																				
Engineering - Max \$1000	1bd	HR	50.00							1,000.00										1,000.00
Freight								2,423.50		21,488.00	6,556.40	10,054.02	11,665.50	2,287.50						4,389.00
Freight - Extra Beam Delivery																				
Freight & Engineering Subtotals								2,423.50	0.00	22,488.00	6,556.40	10,054.02	11,665.50	2,287.50	0.00	4,389.00	0.00	0.00	0.00	5,389.00
Sales Tax																				0.00
Grand Total								6,881.50	13,487.25	50,052.76	37,009.46	50,703.78	43,073.49	39,141.01	39,299.80	38,297.78	37,182.11	39,220.16	32,414.68	374,562.19

Exhibit 4

Winter Protection

Exhibit 4

Sletten Construction Company

Job Cost Detail

Phases 1506 1630 1650 1660

Totals For TEMPORARY HEAT:

0.00 75,199.68 38,385.79 5,753.28 451.26 383.97 6,279.28 386.50 110.36 9.75 15.23 182,548.98

Fringe Rates: 7.17 9.60 10.97

Burden Rates: 7.65% 0.51% 8.35% 12.00%

Job	Phase	Category	Inv	Ref	PDF	Total Units	Total Amount	Fringes	FICA	FUTA	SUTA	WC	ESOP	Co. Health	Co. Dental	Co. STL	Total	blank	blank	
Temp Heat Structure	1506	Total				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,214.78		
Blanket Cover	1630	Total				9.00	189.48	64.53	14.50	1.14	0.97	15.82	0.00	0.00	0.00	0.00	0.00	286.44		
Temp Heat Concrete	1650	Total				4,191.75	75,010.20	38,321.26	5,738.78	450.12	383.00	6,263.46	386.50	110.36	9.75	15.23	176,860.56			
Temp Heat Trailer	1660	Total				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	187.20		
Grand Total						4,200.75	75,199.68	38,385.79	5,753.28	451.26	383.97	6,279.28	386.50	110.36	9.75	15.23	182,548.98			