City of Winnipeg

Administrative Report
Chief Construction Officer (CCO)

REPORT TYPE: Information Only
DATE: March 24, 2026
SUBMITTED BY: Chief Construction Officer

Subject

South End Sewage Treatment Plant (SEWPCC) – Assurance Update

Recommendation

That this report be received for information.

Discussion

1. Project Overview

Project Details	Status
Approved Budget	$385.6 million
Forecast at Ready-for-Takeover	$385.6 million
Approved Ready-for-Takeover Date	Q1 2026
Forecast Ready-for-Takeover Date	Q1 2026, with residual closeout / testing items still outstanding at Jan. 31, 2026
Delivery / Procurement Model	Design–Bid–Build (DBB) foundation executed through a Construction Management / multi-prime delivery structure, with the Owner retaining significant integration and coordination risk.
Current Phase	Commissioning / closeout.

Project Classification:
☐ MegaProject (>$500.0M)
■ Major Capital Project ($25.0M–$500.0M)

Current Phase:
☐ Project Definition ☐ Procurement ☐ Design ☐ Construction ■ Commissioning ☐ Operations

CCO Assurance Commentary:
The SEWPCC project was procured under a Design–Bid–Build model but executed through a multi-prime structure, resulting in significant integration and coordination risk being retained by the City. This delivery approach increases complexity, particularly across design interfaces,

contractor coordination, and system commissioning. The observed budget adjustment and schedule extensions are consistent with a model where integration risk is not fully transferred. The additional funding approved in 2025 reflects the City stepping in to stabilize delivery and ensure completion. Going forward, alignment between procurement strategy, risk transfer, and governance capability will be critical to improving outcomes on projects of this scale and complexity.

2. Scope, Schedule & Financial Assurance

CCO Assurance Commentary:
The SEWPCC project remains **aligned with its Council-approved scope**, with no fundamental change to the intended outcomes; however, material execution adjustments have occurred, including budget revisions, schedule extensions, and technical refinements required to achieve full system integration.

From a **schedule perspective**, delivery confidence has improved as the project advances through commissioning, but remains **moderate**, with limited time buffer and residual risk concentrated in final deficiency resolution and system stabilization.

From a **financial perspective**, the project is operating at its amended budget limit, with **moderate cost certainty, marginal contingency capacity, and ongoing claims exposure**, resulting in a constrained position through final closeout.

Overall, the project is progressing toward completion within its approved mandate, but with **limited schedule and financial flexibility**, requiring continued focused oversight in the final stage.

3. Risk, Governance & Procurement Assurance

CCO Assurance Commentary:

The overall **risk profile is improving** as the project transitions into commissioning and closeout, with many of the higher-impact risks associated with design completeness, contractor performance, and system integration now either resolved or actively managed. Residual risks remain concentrated in **final commissioning, deficiency resolution, and claims settlement**, but these are typical of late-stage delivery and are progressively reducing in severity and frequency.

From a **governance perspective**, decision-making structures are clear and functioning; however, **decision velocity has been under pressure**, particularly at key inflection points requiring timely approvals related to budget adjustments, contractor performance, and technical resolution. While this has contributed to schedule impacts historically, current conditions indicate **improving decision latency and reduced approval bottlenecks**, though continued focus is required through final closeout.

Reporting is assessed as **sufficient and consistent**, providing adequate visibility into project status, financial position, and risk exposure. This has supported informed decision-making at the EPC and SPC levels, although opportunities remain to further enhance forward-looking, predictive insights.

From a **procurement and market perspective**, the project is largely de-risked, with major procurement activities complete and remaining exposure centered on contract management and claims resolution. However, the **multi-prime delivery model continues to require active oversight**, as integration risk remains with the Owner and is reflected in ongoing claims activity.

Overall, Section 3 is assessed as **stabilizing**, with risk exposure declining and governance structures functioning effectively, but with **residual sensitivity to decision timeliness and commercial closeout risks** in the final stage of delivery.

4. Readiness

CCO Assurance Commentary:
The SEWPCC project demonstrates a high level of readiness as it progresses through final commissioning and turnover, with safety and quality systems established and core treatment processes operational. Commissioning activities are substantially complete, and the project is transitioning into stable operations, with remaining work focused on deficiency resolution and system optimization.

External approvals and third-party dependencies are being effectively managed, with no material barriers identified to achieving full operational status.

Overall, the project is assessed as on track for operational readiness, with residual risks typical of late-stage commissioning and early operations, requiring continued monitoring through final closeout and stabilization.

5. CCO Forward Look (Next 90 Days) and Confidence Statement

Forward Look (Next 90 Days)
The Chief Construction Officer will continue to monitor:

- **Final commissioning and system stabilization**, including resolution of outstanding deficiencies and performance optimization across treatment processes
- **Claims and dispute resolution activity**, including potential financial impacts and timing of settlement
- **Contractor performance and closeout execution**, particularly as remaining works transition to final completion
- **Operational transition risks**, including early-stage performance, reliability, and handover to full operations
- **Any emerging issues that could impact schedule finalization or financial exposure**

Confidence Statement
Based on the information reviewed during this reporting period, the Chief Construction Officer's independent assessment of the project's ability to achieve Council-approved objectives is:

☐ High Confidence ■ Moderate Confidence ☐ Low Confidence

The project is progressing toward completion within its approved mandate, with major systems operational and commissioning substantially complete. However, residual risks remain in final closeout, claims resolution, and system stabilization, which limit overall confidence at this stage.

While there is no indication that the project will fail to achieve its intended outcomes, the constrained schedule and financial flexibility, combined with ongoing commercial and technical risks, support a moderate confidence rating through the final phase of delivery.

Consultation
This report was prepared independently by the Chief Construction Officer using departmental materials and briefings as required for assurance purposes.

Council Considerations
This report is submitted for information only. No approvals, decisions, or direction are requested.

Attachments
- Appendix A – Standard Language and Background
- Appendix B – Early Warning Indicators Metrics

Appendix A – Standard Language and Background

Standard Standing Language

This report is provided for information only. The Chief Construction Officer's role is to provide independent assurance to Council regarding project readiness, risk exposure, and delivery confidence. Predictive indicators are included for early warning and assurance purposes only and do not constitute recommendations or requests for direction. No approvals or direction are requested unless explicitly stated.

Background

Council previously approved the project's scope, budget, and schedule under Request for Budget Revision for the South End Sewage Treatment Plant (SEWPCC) Nutrient Removal/Expansion Capital Project dated May 2, 2025 . This report provides a periodic, independent assurance update in accordance with the Chief Construction Officer mandate. The CCO identifies, assesses, and communicates material risks and delivery confidence but does not manage or direct project execution.

Appendix B – Early Warning Indicators Metrics

1. Scope, Schedule & Financial Assurance

Scope & Authority

- Alignment to Council-approved scope: ■ Confirmed ☐ At Risk
- Material changes since last report: ☐ No ■ Yes

Schedule & Delivery Confidence

- Council-approved schedule in place: ■ Yes ☐ No
- Work plan stability: ☐ Stable ■ Under pressure
- Time buffer remaining: ☐ Adequate ■ Limited

Key Schedule Indicators:

- Chance of finishing on time - Schedule Confidence Index (SCI)
  - Low–Moderate (≈ 0.65–0.75)
  - A Council-recognized schedule baseline exists; however, the project has experienced multiple revisions over time, with completion shifting from 2024 into Q1 2026. While major commissioning milestones have been achieved, the persistence of late-stage deficiencies, appeals, and system integration activities indicates that the work plan has remained under pressure.
  - From a delivery confidence perspective, the remaining schedule float is limited, and the project is operating within a constrained window through final commissioning and closeout. Continued focus on deficiency resolution, contractor performance, and system stabilization will be critical to maintaining the current forecast.
- How often the main work plan is changing - Critical Path Volatility Trend
  - Elevated / Unstable (historically high, now stabilizing)
  - The Schedule Confidence Index reflects a **moderate likelihood of achieving the current forecast completion (Q1 2026)**, recognizing that major performance testing has been completed but residual risks remain in final commissioning and closeout activities.
  - The Critical Path Volatility Trend has been **elevated throughout the project lifecycle**, driven by design refinements, contractor performance variability, and late-stage system integration challenges. While volatility has reduced as the project transitions into commissioning, the historical pattern indicates a **reactive schedule environment rather than a stable, predictable delivery path**.
  - From an assurance perspective, the combination of **moderate SCI and historically high critical path volatility** reinforces that schedule certainty has improved but remains **sensitive to final-stage execution risks**, particularly around deficiency closure and system performance stabilization.

Financial & Commercial Position

Indicator	Status
Cost certainty	☐ High ■ Moderate ☐ Low
Contingency sufficiency	☐ Adequate ■ Marginal
Claims exposure	☐ None ■ Potential

Cost certainty has improved as the project approaches completion; however, it remains **moderate** due to ongoing claims activity, final deficiency work, and residual commissioning risks. The project is operating at its **amended budget of $385.6M**, with limited flexibility remaining to absorb further pressures.

Contingency sufficiency is assessed as **marginal**, reflecting the additional funding approved in 2025 to stabilize delivery and the limited remaining buffer through closeout.

Claims exposure remains **potential**, with multiple appeals and dispute resolution processes ongoing. While these are being actively managed, they continue to present **financial uncertainty** until fully resolved.

Forward-Looking Financial Indicators:

- Is there enough backup money left - Projected Contingency Sufficiency Index (PCSI)
  - Low–Moderate (≈ 0.6–0.7)
- Expected total cost compared to the approved budget - Cost Exposure vs. Authorized Budget
  - At threshold (fully committed; minimal remaining flexibility)
- Chance of future claims or disputes - Claim Probability Trend
  - Moderate–High (declining but still active)

The Projected Contingency Sufficiency Index indicates a **limited remaining buffer**, with the project largely consuming available contingency following the 2025 budget revision. While current forecasts align with the authorized budget, the **margin for additional cost pressure is minimal**, particularly through final commissioning and claim resolution.

Cost exposure is effectively **at the approved funding limit**, meaning any further financial impact will require either internal reallocation or additional approval.

The Claim Probability Trend remains **moderate to high**, reflecting ongoing appeals and dispute resolution activity, although the overall trajectory is improving as the project advances toward closeout. From an assurance perspective, the financial position is **stable but constrained**, with residual exposure concentrated in final claims and completion activities.

2. Risk, Governance & Procurement Assurance

Risk Profile
Overall risk trajectory:
■ Improving ☐ Stable ☐ Deteriorating

Risk Indicators:

- Are risks growing or shrinking - Risk Momentum Score
  - Improving (declining risk exposure overall)
- How many risks keep showing up again and again - Persistent Risk Count
  - Moderate (recurring issues in commissioning, claims, and system integration)
- How quickly problems are getting worse - Risk Escalation Velocity
  - Low–Moderate (reduced escalation, but not fully stabilized)

Governance & Controls

- Decision-making clarity: ■ Clear ☐ Requires monitoring

- Timeliness of approvals: ☐ Adequate ■ Under pressure
- Reporting reliability: ■ Sufficient ☐ Emerging gaps
- How long decisions are taking - Decision Latency Trend
    - Moderate (improving, but historically delayed at key inflection points)
- How often approvals are slowing things down - Approval Bottleneck Frequency
    - Moderate (elevated during critical phases, now reducing)

Procurement & Market Exposure

- Procurement plan aligned to schedule: ■ Yes ☐ Under review
- Contracting strategy appropriate to risk: ☐ Yes ■ Needs watching

Procurement Indicators:

- Is the project ready to buy what it needs - Procurement Readiness Score
    - High (procurement substantially complete; residual activities limited to closeout support)
- Are prices and supply stable or changing - Market Volatility Indicator
    - Moderate (reduced from peak, but residual exposure remains in claims and final works)

The procurement plan is assessed as **aligned to the current schedule**, with the majority of major procurement activities complete and remaining efforts focused on final works, commissioning support, and closeout.

However, the **contracting strategy requires ongoing attention**, as the multi-prime delivery model has retained significant integration risk with the Owner, contributing to coordination complexity and claims activity.

Procurement readiness is **high**, reflecting that the project is no longer dependent on major new procurements to achieve completion.

Market volatility has **moderated from earlier phases**, but residual exposure remains through contractor claims, pricing adjustments, and final scope completion. Overall, procurement risk is **largely contained**, with remaining exposure concentrated in contract management and closeout.

3. Readiness

Safety, Quality & Readiness

- Safety systems: ■ Adequate ☐ At risk
- Quality systems: ■ Established ☐ Partial
- Commissioning / turnover readiness: ■ On track ☐ Early risk
- Readiness to operate: ■ On track ☐ Early risk

Stakeholder & External Dependencies

- External approvals: ■ On track ☐ Need watching
- Inter-agency / Third-party dependencies: ■ Managed ☐ Under pressure