

## City of Winnipeg

Administrative Report

Chief Construction Officer (CCO)

**REPORT TYPE:** Information Only

**DATE:** April 13, 2026

**SUBMITTED BY:** Chief Construction Officer

### Subject

**NEWPCC Upgrade (Project 2) Biosolids Facilities – Assurance Update**

### Recommendation

That this report be received for information.

### Discussion

#### 1. Project Overview

| Project Details                  | Status                   |
|----------------------------------|--------------------------|
| Approved Budget                  | \$1,035,000,000          |
| Forecast at Ready-for-Takeover   | \$1,035,000,000          |
| Approved Ready-for-Takeover Date | December 2030            |
| Forecast Ready-for-Takeover Date | December 2030            |
| Delivery / Procurement Model     | Progressive Design Build |
| Current Phase                    | Design Phase             |

#### 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 project remains in the design phase under a Progressive Design Build model. Budget and schedule remain aligned with Council-approved values. No variance is identified between approved and forecast outcomes at this stage.

#### 2. Scope, Schedule & Financial Assurance

#### CCO Assurance Commentary:

Scope remains aligned with the approved program to deliver new biosolids treatment facilities and replace end-of-life infrastructure. No material scope changes have been identified in the current reporting period.

Schedule performance remains on track for the design phase. Key milestones achieved include completion of the Northwest Interceptor lining ahead of schedule and advancement of land drainage works. Upcoming milestones include completion of intermediate design, Class 2 cost estimate, and Development Phase Agreement Stage Gate 3 prior to Design Build Agreement award in July 2026.

Financial performance remains stable. Total project spend is approximately \$61.8 million, representing about 6 percent of the approved budget. No contract changes were reported in the current period. Cost certainty remains appropriate for the design phase, with further refinement expected at Design Build Agreement award.

### **3. Risk, Governance & Procurement Assurance**

#### **CCO Assurance Commentary:**

The overall risk profile remains moderate and stable.

Key risks include market conditions, labour availability, and potential impacts from global supply disruptions. The closure of the Strait of Hormuz presents a new external risk that may affect material costs and delivery timelines. Labour shortages in Manitoba may also affect future construction capacity.

Mitigation actions are in place. These include value engineering, early procurement planning for long lead items, and incorporation of sourcing strategies into project agreements. Negotiation of contract terms continues to address tariff and escalation risks.

Governance processes are functioning as intended. Funding confirmation has been received, and final agreements are under review. Timely execution of funding agreements remains important to avoid cost and schedule impacts.

Procurement remains aligned with the project schedule. Upcoming procurements include temporary electrical service installation and the Design Build Agreement for construction.

### **4. Readiness**

#### **CCO Assurance Commentary:**

Readiness for transition to construction is progressing.

Design development is advancing toward intermediate design completion. Quality assurance and control activities are ongoing, with the 30 percent design audit expected to be completed in April 2026.

Safety and environmental systems are in place. One environmental incident occurred during the reporting period involving a hydraulic oil spill. The issue was contained, and all affected material was properly removed and disposed of.

Stakeholder coordination remains active. Multi-contract interface management is ongoing to support future construction readiness. Community engagement activities are progressing, including public notices, communication campaigns, and planned outreach initiatives.

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

### **Forward Look (Next 90 Days)**

- The Chief Construction Officer will continue to monitor:
- Progress toward completion of intermediate design and Class 2 cost estimate
- Readiness for Development Phase Agreement Stage Gate 3
- Procurement readiness for Design Build Agreement award
- Market conditions and labour availability impacts
- Finalization of funding agreements

### **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

### **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 the NEWPCC Upgrade: Biosolids Facilities capital program, including the September 29, 2023 Council-approved budget amendment establishing the total project budget at \$1.035 billion. This report provides a periodic, independent assurance update in accordance with the Chief Construction Officer mandate. The Chief Construction Officer 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)
  - Stable.
  - Design phase milestones are being achieved, including early completion of the Northwest Interceptor lining and progress toward intermediate design.
- How often the main work plan is changing - Critical Path Volatility Trend
  - Low.
  - No significant re-sequencing or instability identified in the current reporting period.

#### Financial & Commercial Position

| Indicator               | Status                                                                                                  |
|-------------------------|---------------------------------------------------------------------------------------------------------|
| Cost certainty          | <input type="checkbox"/> High <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> Low |
| Contingency sufficiency | <input checked="" type="checkbox"/> Adequate <input type="checkbox"/> Marginal                          |
| Claims exposure         | <input checked="" type="checkbox"/> None <input type="checkbox"/> Potential                             |

#### Forward-Looking Financial Indicators:

- Is there enough backup money left - Projected Contingency Sufficiency Index (PCSI)
  - Adequate.
  - Contingency remains at \$154.2 million and has not been drawn down to date.
- Expected total cost compared to the approved budget - Cost Exposure vs. Authorized Budget
  - Stable.
  - Forecast remains aligned with the approved \$1.035 billion budget.
- Chance of future claims or disputes - Claim Probability Trend
  - Low.
  - No active claims reported; contract exposure remains limited during design phase.

### 2. Risk, Governance & Procurement Assurance

#### Risk Profile

Overall risk trajectory:

☐ Improving ☒ Stable ☐ Deteriorating

**Risk Indicators:**

- Are risks growing or shrinking - Risk Momentum Score
  - Stable.
  - Risks are known and actively managed, with no significant escalation.
- How many risks keep showing up again and again - Persistent Risk Count
  - Moderate.
  - Ongoing risks include market conditions, labour availability, and design decision timing.
- How quickly problems are getting worse - Risk Escalation Velocity
  - Moderate.
  - New external risks identified (global supply impacts and labour pressures), but mitigation planning is underway.

**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
  - Stable.
  - No delays in key governance decisions reported.
- How often approvals are slowing things down - Approval Bottleneck Frequency
  - Low.
  - No approval constraints impacting current phase progress.

**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
  - On track.
  - Key procurements, including temporary electrical services and the Design Build Agreement, are progressing as planned.
- Are prices and supply stable or changing - Market Volatility Indicator
  - Moderate.
  - External factors such as global supply conditions and regional labour demand present ongoing pressure.

**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