City of Winnipeg

Administrative Report
Chief Construction Officer (CCO)

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

Subject

North Garage Replacement Project – Assurance Update

Recommendation

That this report be received for information.

Discussion

1. Project Overview

Project Details	**Status**
Approved Budget	$200.066m
Forecast at Ready-for-Takeover	$200.066m
Approved Ready-for-Takeover Date	2027 Q4
Forecast Ready-for-Takeover Date	2027 Q4 (at risk)
Delivery / Procurement Model	Design-Bid-Build (Contract with PCL Constructors)
Current Phase	Construction

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 reported as on schedule and on budget in Quarterly Report No. 11. Schedule progress is reported at 64%, while construction progress is approximately 8%. This reflects that most reported progress is from completed design phases rather than physical construction.

The project has now fully transitioned into the construction phase. At this stage, delivery performance will be driven by construction productivity, sequencing, and coordination rather than completed design milestones.

A delay in delivery of the electrical transformer has been identified, extending delivery by 36 working days. This introduces risk to the Substantial Performance and Total Performance dates and may affect the ability to meet the external funding deadline of December 31, 2027.

2. Scope, Schedule & Financial Assurance

CCO Assurance Commentary:

Scope remains aligned with the reduced program approved by Council, with previously deferred elements still excluded from the current construction scope. No new scope changes are reported.

Schedule status remains reported as “on schedule”; however, this status is influenced by completed design milestones. Construction progress remains early at approximately 8%, while key completion milestones remain in 2027. This indicates that the majority of schedule risk is now concentrated in the remaining construction period.

The transformer delay represents the first clear signal of pressure on the construction schedule. Given the dependency on electrical systems for commissioning, this delay may affect downstream activities and overall completion timing.

Financially, the project reports 16% of the budget spent. This reflects normal early construction cash flow patterns rather than overall cost performance. The construction contract value represents the majority of total project cost exposure.

Remaining contingency is approximately $7.0M based on prior reporting. At this stage of the project, contingency must absorb risks related to productivity, coordination, supply chain, and change events. No updated contingency forecast or drawdown trend is provided.

Overall, financial status remains stable; however, forward-looking indicators of cost pressure are limited at this stage of reporting.

3. Risk, Governance & Procurement Assurance

CCO Assurance Commentary:

The current risk profile includes:

- Delay in long-lead electrical equipment
- Reduced project contingency
- Potential impacts from tariffs

The transformer delay introduces a direct link between supply chain performance and project completion. This represents a shift from site-based risks to external dependency risks.

Contingency reduction remains an ongoing condition. While monitored, the remaining contingency is limited relative to the scale and complexity of the remaining construction work.

Governance and reporting remain aligned with standard requirements. However, current reporting continues to focus on status indicators rather than forward-looking trends. This limits early visibility of emerging risks during the construction phase.

Procurement activities are largely complete for major contracts. Remaining exposure relates to supplier performance and integration of utility works, including the Manitoba Hydro connection.

4. Readiness

CCO Assurance Commentary:

Construction activities are progressing, including piling, concrete works, and underground utilities. Work is advancing through early structural stages under winter conditions.

Readiness for later stages, including commissioning and transition to operations, is not yet a primary focus but will depend on timely delivery of electrical systems and coordination with external utilities.

External dependencies, particularly electrical infrastructure and utility connections, represent a key readiness factor. Delays in these areas may affect commissioning and final turnover.

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

Forward Look (Next 90 Days)

The Chief Construction Officer will continue to monitor:

- Progress of structural works and transition to above-grade construction
- Impacts of electrical transformer delay on critical path activities
- Early indicators of construction productivity and sequencing performance
- Contingency use and emergence of change events
- Coordination with Manitoba Hydro and other external dependencies

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

Moderate confidence reflects that the project is progressing and remains aligned with the approved budget and schedule at a high level, but there are emerging risks that could affect delivery.

These include reduced contingency, early signs of schedule pressure from long-lead equipment delays, and increased reliance on construction-phase performance and external dependencies.

- Construction phase performance refers to how efficiently the contractor delivers the work, including productivity, sequencing, and coordination between trades, which now drives schedule and cost outcomes.

- External dependencies refer to factors outside the project's direct control, such as utility connections and supplier deliveries, which can affect timing and completion if delayed.

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 (if applicable)

- 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 capital budget approvals beginning April 29, 2021. In September 2024, following identification of a budget shortfall, Council approved a reduction in project scope to align delivery with the existing approved budget of $200.066 million.

In 2025, following the construction procurement process, the contract for construction was awarded to PCL Constructors Canada Inc. at a value higher than earlier estimates. To maintain the project within the approved budget of $200.066 million, the City reduced contingency and deferred selected scope elements from the initial construction phase.

This condition remains relevant to current delivery risk, as reduced contingency and deferred scope limit financial flexibility during the construction phase.

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
    - Work plan stability is under pressure because the project has entered early construction, where sequencing, winter conditions, and coordination between trades are still stabilizing. In addition, the identified delay in electrical equipment introduces uncertainty into planned activities.
- Time buffer remaining: ☐ Adequate■ Limited
    - Time buffer remaining is limited because key completion milestones are already extended into late 2027, reducing flexibility to absorb further delays. The transformer delay further consumes available schedule float (flexibility) and places pressure on downstream commissioning activities.

Key Schedule Indicators:

- Schedule Confidence Index (SCI) - Chance of finishing on time
    - Moderate and declining due to emerging supply chain delay and compressed construction window
    - Moderate and declining reflects that the schedule is still achievable, but recent supply chain delays and a shortened construction timeframe are reducing flexibility and increasing risk to on-time completion.
- Critical Path Volatility Trend - How often the main work plan is changing
    - Increasing, reflecting early-stage construction sequencing and dependency on long-lead electrical equipment
    - Increasing reflects that the construction plan is still stabilizing in early stages, with sequencing adjustments and reliance on long-lead electrical equipment causing more frequent changes to the critical path.

Financial & Commercial Position

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

- Cost certainty is moderate because the full construction contract has been awarded, but final cost outcomes now depend on construction performance, change events, and remaining contingency. Early-stage construction means cost pressures are not yet fully visible.
- Contingency sufficiency is marginal because available contingency has been significantly reduced to maintain the project within the approved budget, leaving limited flexibility to absorb emerging risks during construction.
- Claims exposure is potential because the project is in early construction, where coordination issues, scope gaps, and supplier delays commonly lead to change orders and claims as work progresses.

Forward-Looking Financial Indicators:

- Projected Contingency Sufficiency Index (PCSI) - Is there enough backup money left
    - Marginal, reflecting reduced contingency and exposure to construction-phase risks
    - Projected Contingency Sufficiency Index (PCSI) is marginal because the remaining contingency is low relative to the amount of work still to be completed. The project has entered its highest-risk phase (construction), where most cost variability occurs. Any combination of productivity issues, design clarifications, or supplier delays could draw down contingency quickly, leaving limited ability to absorb further cost pressures.
- Cost Exposure vs. Authorized Budget - Expected total cost compared to the approved budget
    - Currently aligned with approved budget, with limited flexibility
- Claim Probability Trend - Chance of future claims or disputes
    - Moderate, with potential increase as construction activity ramps up and interfaces with suppliers and utilities increase
    - Claim Probability Trend is moderate because construction activity is increasing and more interfaces are now active, including trades, suppliers, and external utilities. As coordination complexity grows, the likelihood of disputes related to delays, scope interpretation, or site conditions also increases. The identified delay in electrical equipment further raises the risk of schedule-related claims if it affects downstream work.

2. Risk, Governance & Procurement Assurance

Risk Profile

Overall risk trajectory:
☐ Improving ■ Stable ☐ Deteriorating

Risk Indicators:

- Risk Momentum Score - Are risks growing or shrinking
    - Stable, with emerging upward pressure driven by supply chain delays and reduced contingency
- Persistent Risk Count - How many risks keep showing up again and again
    - Moderate, with ongoing risks related to contingency and external factors (tariffs and broader global supply chain and energy market volatility) continuing across reporting periods
- Risk Escalation Velocity - How quickly problems are getting worse
    - Increasing, as risks transition from planning-stage issues to construction-phase impacts

Governance & Controls

- Decision-making clarity: ■ Clear ☐ Requires monitoring
- Timeliness of approvals: ■Adequate ☐ Under pressure
- Reporting reliability: ☐ Sufficient ■ Emerging gaps
    - Reporting reliability is flagged as emerging gaps because current reporting remains largely based on high-level status indicators, such as percent complete and budget spent, which are influenced by completed design work and early-stage cash flow.
    - As the project moves deeper into construction, these indicators provide limited visibility into forward risks such as productivity trends, contingency use, and coordination pressures. This creates a gap between reported status and actual delivery risk, reducing early warning capability.
    - ***Recommend introducing simple forward-looking indicators into regular reporting, such as contingency usage trends, construction productivity, and schedule risk, to improve early visibility of emerging issues.***
        - Contingency usage trends: how quickly contingency funds are being used over time
        - Construction productivity: how much work is completed compared to what was planned
        - Schedule risk: how likely the project is to face delays based on current progress and issues
- Decision Latency Trend - How long decisions are taking

    - Stable, with no reported delays impacting current construction progress
- Approval Bottleneck Frequency - How often approvals are slowing things down
    - Low, with no material approval constraints identified

Procurement & Market Exposure

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

Procurement Indicators:

- Procurement Readiness Score - Is the project ready to buy what it needs
    - High, with major contracts awarded and construction underway
- Market Volatility Indicator - Are prices and supply stable or changing
    - Moderate, with continued exposure to supply chain variability and tariff-related pressures

3. Readiness

Safety, Quality & Readiness

- Safety systems: ■ Adequate ☐ At risk
- Quality systems:■ Established ☐ Partial
- Commissioning / turnover readiness: ☐ On track ■ Early risk
    - Commissioning / turnover readiness is flagged as early risk because key systems required for final testing and handover, particularly electrical infrastructure, are already showing delays. This creates risk to the sequencing of commissioning activities and final completion.
- Readiness to operate: ☐ On track ■ Early risk
    - Readiness to operate is flagged as early risk because operational transition depends on successful commissioning, system integration, and timing of facility turnover. Current schedule pressure and deferred scope elements may affect how smoothly the facility can be brought into service.

Stakeholder & External Dependencies

- External approvals: ■ On track ☐ Need watching
- Inter-agency / Third-party dependencies: ☐ Managed ■ Under pressure
    - Inter-agency / third-party dependencies are under pressure due to reliance on external providers, particularly utility connections and long-lead equipment. Delays or coordination issues with these parties have a direct impact on schedule and commissioning readiness.