City of Winnipeg

Administrative Report
Chief Construction Officer (CCO)

REPORT TYPE: Information Only
DATE: May 8, 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 30, 2030
Forecast Ready-for-Takeover Date	December 30, 2030
Delivery / Procurement Model	Progressive Design Build
Current Phase	Design Phase

Project Classification:

■Mega Project (>$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 the Progressive Design Build delivery model.

Current reporting confirms alignment between the approved and forecast budget and Ready-for-Takeover date. No material variance has been identified relative to Council-approved objectives at this stage.

Intermediate Design activities progressed during the reporting period, including completion of major Land Drainage System works and advancement toward Development Phase Agreement Stage Gate 3. Governance, reporting, and procurement oversight continue to function within the approved Mega Project framework.

Overall delivery confidence remains moderate and stable; however, increasing pressure associated with design coordination, interface management, and approval timing continues to require active monitoring as the project approaches Design Build Agreement execution.

2. Scope, Schedule & Financial

Assurance CCO Assurance

Commentary:

Project scope remains aligned with the approved program to deliver new biosolids treatment facilities, replace end-of-life infrastructure, and support long-term regulatory compliance requirements. No material scope amendments have been identified during the reporting period.

Schedule performance remains generally stable within the Design Phase. Major milestones achieved during the reporting period include:

- Substantial Completion of the Northwest Interceptor lining ahead of schedule on April 14, 2026
- Receipt of the Intermediate Design submission on April 16, 2026
- Completion of the new Land Drainage System connection along Main Street
- Award of the Temporary Electrical Service Installation contract on April 15, 2026

Upcoming milestones include:

- Completion of the Class 2 cost estimate and updated construction schedule in May 2026
- Development Phase Agreement Stage Gate 3 review in June 2026
- Award of the Design Build Agreement anticipated in July 2026

Financial performance remains stable. Total project expenditures are approximately $69.2 million, representing approximately 7 percent of the approved capital budget. Forecast expenditures remain aligned with the approved $1.035 billion capital envelope.

Cost certainty remains moderate and appropriate for the current phase of design maturity. The

contingency allowance of $154.2 million remains intact and has not been drawn down. Further refinement of cost certainty is anticipated following completion of the Quantitative Risk Analysis and Design Build Agreement negotiations.

While no material schedule deviation has been identified, schedule float (amount of extra time available in a project schedule before a task or milestone causes a delay to the overall project completion date) within the Development Phase continues to narrow due to ongoing design refinement, interface coordination activities, and decision timing sensitivity. Continued monitoring of schedule compression indicators remains warranted.

3. Risk, Governance & Procurement

Assurance CCO Assurance Commentary:

The overall project risk profile remains moderate and stable. Current risks continue to be driven primarily by market conditions, design maturity, external interfaces, and procurement timing rather than construction execution risk.

Key risks currently being monitored include:

- Rework associated with the Yardworks Area 60 percent design submission, which may delay completion of the Class 2 cost estimate
- Delays related to Canadian Pacific Kansas City (CPKC) safety flagging approvals required for Land Drainage System work near the rail corridor
- Ongoing exposure to tariffs, escalation pressures, labour shortages, and global supply chain volatility
- Schedule sensitivity resulting from value engineering decisions and compressed design timelines
- Funding agreement execution timing prior to Design Build Agreement award

Mitigation activities remain active and include:

- Engagement of an additional design team to progress Yardworks Area redesign activities
- Early procurement planning for long lead equipment and materials
- Incorporation of sourcing plans within Development Phase Agreement and Design Build Agreement documentation
- Ongoing value engineering and schedule optimization exercises
- Monitoring and mitigation planning related to Manitoba labour market pressures and global supply disruptions

Governance controls remain effective under the approved Mega Project framework. Delegated authority structures, reporting cadence, and procurement oversight continue to support timely project administration and escalation management.

Procurement activities remain aligned with the project schedule. Temporary Electrical Service Installation procurement has been completed, and Design Build Agreement readiness activities continue in preparation for the anticipated July 2026 award.

4. Readiness

CCO Assurance Commentary:

Project readiness activities continue to advance toward transition into construction.

Intermediate Design development is progressing with ongoing Quality Assurance and Quality Control oversight activities. The Quality Assurance and Quality Control audit of the 30 percent design was completed in April 2026 with no material concerns identified. However, the Yardworks Area 60 percent design submission did not meet required quality standards and requires additional rework. Mitigation measures are in place and quality concerns are expected to be resolved in the near term.

Health, Safety, and Environmental performance remains stable. No first aids, high-potential near misses, recordable medical aids, lost time injuries, or environmental spill incidents were reported during the reporting period.

Stakeholder coordination and interface management remain active across multiple concurrent work packages. Increasing interface complexity continues to require focused coordination and oversight to support future construction readiness.

The highlighted yellow section means that multiple contractors, consultants, utilities, and project workstreams are now operating at the same time and becoming more interconnected as the project advances.

This increases the need for careful coordination to ensure that:

- Design information is consistent across all work packages
- Construction activities do not conflict with one another
- Utility, rail, drainage, and site interfaces are properly sequenced
- Decisions are communicated quickly between teams
- Delays in one area do not create downstream impacts on schedule or cost

For the Biosolids project specifically, this includes coordination between:

- Land Drainage System works
- Yardworks Area design activities
- Temporary electrical installation
- Northwest Interceptor works
- Future Design Build Agreement construction activities
- Third-party stakeholders such as CPKC and utilities

The statement is essentially an early warning that project integration complexity is increasing and requires stronger oversight to maintain construction readiness and schedule stability.

Community engagement activities continue to progress. Public notifications related to Land Drainage System work and sidewalk closures have been completed. Additional communication initiatives are being developed to improve public understanding of the Progressive Design Build delivery model and upcoming construction activities.

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

Statement Forward Look (Next 90 Days)

The Chief Construction Officer will continue to monitor:

- Completion and validation of the Class 2 cost estimate
- Readiness for Development Phase Agreement Stage Gate 3
- Stabilization of Intermediate Design packages and reduction of late-stage revisions
- Procurement readiness for Design Build Agreement execution
- Decision latency and interface coordination pressures
- Labour availability and supply chain market conditions
- Completion of funding agreement execution
- Progress of mitigation actions associated with Yardworks Area design rework

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 remains achievable within approved scope, budget, and schedule parameters.

However, emerging pressures associated with design stability, interface coordination, and decision timing continue to require active management to prevent downstream impacts to schedule certainty and commercial readiness.

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:

- Schedule Confidence Index (SCI) - Chance of finishing on time
    - Moderate and stable.
    - Major design milestones continue to be achieved; however, increasing design coordination activity is reducing available float.
- Critical Path Volatility Trend - How often the main work plan is changing
    - Low to Moderate.
    - Design refinement and interface activities continue to create localized schedule sensitivity.

Financial & Commercial Position

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

Forward-Looking Financial Indicators:

- Projected Contingency Sufficiency Index (PCSI) - Is there enough backup money left
    - Adequate at current design maturity.
    - Subject to reassessment following completion of the Quantitative Risk Analysis

and Design Build Agreement negotiations.

Cost Exposure vs. Authorized Budget - Expected total cost compared to the approved budget

- Forecast remains aligned with the approved $1.035 billion capital budget.

Claim Probability Trend - Chance of future claims or disputes

- Low.
- No active claims or disputes identified during the reporting period.

2. Risk, Governance & Procurement Assurance

Risk Profile

Overall risk trajectory:
☐ Improving ■ Stable ☐ Deteriorating

Risk Indicators:

- Risk Momentum Score - Are risks growing or shrinking
  - Moderate upward pressure associated with market volatility and design coordination complexity.
- Persistent Risk Count - How many risks keep showing up again and again
  - Moderate.
  - Recurring risks include labour availability, funding execution timing, market escalation, and interface coordination.
- Risk Escalation Velocity - How quickly problems are getting worse
  - Moderate.
  - Risks remain actively managed with no uncontrolled escalation identified.

Governance & Controls

- Decision-making clarity: ■ Clear ☐ Requires monitoring
- Timeliness of approvals: ☐ Adequate ■ Under pressure
- Reporting reliability: ■ Sufficient ☐ Emerging gaps

- Decision Latency Trend - How long are decisions taking
    - Elevated.
    - Increasing coordination and approval requirements are creating pressure on design progression timelines.
- Approval Bottleneck Frequency - How often approvals are slowing things down
    - Low to Moderate.
    - No systemic governance failures identified; however, monitoring remains warranted as procurement activities intensify.

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
    - On track.
    - Procurement preparation activities continue in advance of Design Build Agreement execution.
- Market Volatility Indicator - Are prices and supply stable or changing
    - Moderate.
    - Exposure to tariffs, escalation, labour shortages, and supply chain volatility remains active.

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
    - Inter-agency and third-party dependencies remain under pressure due to ongoing coordination requirements involving rail approvals, utility interfaces, funding agreement execution, and multiple concurrent project work packages.
    - Continued monitoring and coordination are required to maintain schedule alignment and construction readiness.