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 1): Power Supply and Headworks Facilities – Assurance Update

Recommendation

That this report be received for information.

Discussion

1. Project Overview

Project Details	**Status**
Approved Budget	$565.36m
Forecast at Ready-for-Takeover	$565.36m
Approved Ready-for-Takeover Date	Q3 2026 (August 2026 target under approved extension)
Forecast Ready-for-Takeover Date	Q3 2026 (August 2026 forecast: subject to schedule pressure)
Delivery / Procurement Model	Design Build
Current Phase	Late Construction/Early Commissioning

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 late construction and early commissioning. Cost performance continues to track within the approved Council budget and overall financial controls remain stable.

The schedule remains under pressure due to aggressive sequencing, limited 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), and ongoing integration activities across electrical, automation, and commissioning systems. The revised re-baselined schedule was accepted in March 2026 and remains sensitive to delays during tie-ins and testing.

Major construction activities continue across the Headworks Facility, Distributed Control System (DCS) Migration, Primary Clarification Upgrades, and UV Upgrades. Flow testing of the new raw sewage pumps is underway and testing of equipment and systems will continue through May in advance of introducing raw sewage into the new Headworks Facility.

Overall delivery confidence remains moderate and dependent on disciplined execution during the commissioning and turnover phase.

2. Scope, Schedule & Financial Assurance

CCO Assurance Commentary:

Scope remains aligned with Council-approved objectives. Recent approved changes include repairs associated with the broken feeder main and modifications related to ongoing construction requirements. These changes remain within approved authority limits but require continued monitoring.

Cost performance remains stable. As of March 2026, approximately $445.8 million has been spent, representing approximately 79 percent of the approved $565.36 million budget. Costs continue to track close to planned expenditures.

Remaining contingency is approximately $20.7 million. Contingency remains available under current assumptions but has limited tolerance for additional schedule-driven or unforeseen impacts.

The project schedule continues to be aggressive. While several payment milestones planned for April were completed ahead of schedule, the Design Builder did not achieve all planned March milestones and continues to experience slower-than-planned progress in mechanical, electrical, and commissioning activities.

Key schedule pressures include:

- Electrical distribution and functional testing activities
- Coordination of live tie-ins to existing infrastructure
- Commissioning integration across concurrent projects

- Weather-sensitive shutdown and testing windows
- Limited remaining schedule float

Current commercial exposure remains associated with tariffs, contaminated soils, schedule compression, and commissioning performance risks. These exposures continue to be managed and have not materialized into confirmed destabilizing claims.

3. Risk, Governance & Procurement Assurance

CCO Assurance Commentary:

The current risk profile includes:

Overall risk exposure remains stable but concentrated in execution and commissioning activities.

The current risk profile includes:

- Electrical and automation system testing and integration
- Tie-ins to active wastewater infrastructure
- Weather impacts during commissioning and shutdown windows
- Contaminated soil removal requirements
- Schedule compression and reduced recovery time
- Coordination across Headworks, UV, DCS, and Primary Clarifier projects

The feeder main failure that occurred in December 2025 remains under investigation. A root cause analysis concluded that the construction method contributed to the failure. Mitigation measures for future crossings are being developed and an insurance claim process remains active.

Governance oversight continues to improve under the Mega Project framework. Reporting frequency, escalation pathways, and decision-making clarity have strengthened. Approval timelines remain under pressure during periods of high-volume coordination and integration activities.

Procurement readiness remains strong. Major contracts are in place and long-lead equipment has largely been delivered and installed. The major purchasing and contracting work for the project has already been completed, and the few items still being procured are smaller, targeted items needed to finish testing, integration, and start-up activities.

Overall governance and procurement confidence is assessed as moderate to high, subject to continued disciplined oversight during commissioning and turnover.

4. Readiness

CCO Assurance Commentary:

Safety systems remain in place and are functioning appropriately. During the reporting period, there were four minor first aid incidents with all workers returning to work. No lost time injuries, major environmental incidents, or systemic safety concerns were identified.

Quality systems remain active and established. No new Non-Conformance Reports (NCRs) were opened during the reporting period and three NCRs were closed.

Readiness and commissioning activities represent the primary forward-looking delivery risk areas. These include:

- Live tie-ins to the existing wastewater treatment plant
- Electrical and automation system testing
- DCS integration activities
- Functional performance testing
- Coordination across concurrent commissioning activities

Operator training for the new Headworks Facility is ongoing. Coordination and planning activities continue for raw sewage introduction, tie-ins, and system turnover.

These risks are typical for projects entering final integration and commissioning phases but require close monitoring and disciplined execution.

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

Forward Look (Next 90 Days)

The Chief Construction Officer will continue to monitor:

- Electrical distribution and system integration testing
- Raw sewage testing and commissioning performance
- Tie-in execution during operational windows
- Critical path schedule stability and milestone achievement
- Commissioning readiness and defect resolution rates
- Contingency utilization and commercial exposure
- Interface coordination across Headworks, UV, DCS, and Primaries projects
- Weather-related operational impacts during testing activities

Particular attention will be given to indicators associated with schedule compression, integration inefficiencies, operational readiness slippage, and emerging commercial claims 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 remains financially within approved authority and governance structures continue to function effectively under the Mega Project framework.

However, the project remains execution-sensitive as it advances through final construction, testing, and commissioning. Schedule float remains limited and successful delivery depends on disciplined sequencing of tie-ins, electrical testing, Distributed Control System or DCS integration, and commissioning coordination.

Overall delivery confidence remains moderate and contingent on successful completion of final integration and operational readiness activities.

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 through prior Council decisions, including the September 25, 2025 budget amendment and subsequent Mega Project governance approval on December 18, 2025.

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.
    - The schedule remains achievable but sensitive to tie-ins, electrical testing, automation integration, and commissioning performance.
- Critical Path Volatility Trend - How often the main work plan is changing
    - Elevated.
    - The re-baselined schedule remains aggressive and subject to adjustment during commissioning and integration activities.

Financial & Commercial Position

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

- **Cost certainty – Moderate**
  Project costs are currently stable and within budget, but there is still some risk of future cost pressures from commissioning, tariffs, contaminated soils, or schedule impacts.
- **Contingency sufficiency – Marginal**
  Remaining contingency funds are still available, but the remaining buffer is limited and may not absorb significant new issues or delays.
- **Claims exposure – Potential**
  There is a possibility of future contractor or commercial claims related to delays, changes, tariffs, or construction conditions, although no major unresolved claims currently threaten the project.

Forward-Looking Financial Indicators:

- Projected Contingency Sufficiency Index (PCSI) - Is there enough backup money left
  - Moderate–Constrained.
  - Remaining contingency is sufficient under current assumptions but has limited tolerance for additional pressures.
- Cost Exposure vs. Authorized Budget - Expected total cost compared to the approved budget
  - Forecast remains within the Council-approved budget.
  - Risk exposure remains associated with tariffs, contaminated soils, and commissioning impacts.
    - Additional contaminated soil removal is expected for stormwater detention system work.
    - Remaining contingency funds could be affected by further contaminated soil quantities.
    - Commercial exposure related to contaminated soils is still being monitored.
    - The risk is smaller than during earlier heavy construction phases, but it has not completely disappeared because final integration and restoration work can still expose unknown underground conditions.
- Claim Probability Trend - Chance of future claims or disputes
  - Elevated but stabilizing.
  - Active commercial discussions continue but have not materialized into confirmed claims.

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 localized pressure in commissioning and tie-in activities.
- Persistent Risk Count - How many risks keep showing up again and again
    - Moderate.
    - Recurring risks include tariffs, contaminated soils, schedule compression, and interface coordination.
- Risk Escalation Velocity - How quickly problems are getting worse
    - Controlled.
    - Recent issues have been contained without broader program destabilization.

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
    - Improved under the Mega Project governance framework, though complex commercial matters continue to require escalation.
- Approval Bottleneck Frequency - How often approvals are slowing things down
    - Reduced compared to earlier reporting periods but remains sensitive during high-volume integration activities.

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.
    - Major contracts are in place and long-lead equipment has been delivered and installed.
- Market Volatility Indicator - Are prices and supply stable or changing
    - Moderate.
    - Tariff exposure and select supply chain pressures remain active but manageable.

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

The status is yellow because the different teams and organizations are still working together successfully, but the work is becoming more difficult and time-sensitive. If coordination is not managed carefully, it could cause delays or problems during testing and start-up activities.

This does not mean the project is failing. It means this area needs close attention and regular monitoring to keep the project on track.