City of Winnipeg

Administrative Report
Chief Construction Officer (CCO)

REPORT TYPE: Information Only
DATE: June 5, 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:

■ 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 late construction and early commissioning. Cost performance remains within the approved budget and forecast completion cost remains unchanged at $565.36 million. The project has spent approximately $448.3 million, representing 79.3 percent of the approved budget.

Schedule performance remains under pressure. The Design Builder continues to maintain an aggressive schedule and has identified a potential delay of up to four weeks to Raw Sewage Testing while maintaining Interim Completion, Substantial Completion, and Final Completion targets. Delivery confidence remains moderate.

2. Scope, Schedule & Financial Assurance

CCO Assurance Commentary:

Scope remains aligned with Council-approved objectives. Recent approved changes include contract amendments related to feeder main restoration and contract administration services. Additional contract changes are anticipated for contaminated soil removal, seasonal restoration work, and UV Upgrade activities.

Cost performance remains stable. Costs are tracking behind planned cash flow but remain within the approved budget. Approximately $20.7 million remains available in contingency. Current contingency is sufficient under present assumptions but provides limited flexibility for additional cost pressures.

The schedule remains the primary delivery concern. Payment milestones achieved during April were substantially lower than planned. Mechanical, electrical, and commissioning activities continue to progress more slowly than targeted. The City anticipates that delays to Interim Completion, Substantial Completion, and Final Completion may occur if current trends continue.

Key schedule pressure points include:

• Raw sewage testing and commissioning activities
• Electrical and mechanical completion work
• Tie-ins to existing infrastructure
• Weather-sensitive shutdown windows
• Integration across Headworks, DCS, UV, and Primary Clarification projects

3. Risk, Governance & Procurement

Assurance CCO Assurance Commentary:

Overall risk levels remain stable but elevated in areas associated with commissioning, tie-ins, and schedule recovery. The most significant risks continue to include:

• Existing infrastructure conditions affecting tie-ins
• Weather impacts on testing and shutdown activities
• Aggressive Design Builder scheduling and reduced recovery time
• Contaminated soil management
• Centrate (liquid returned from sludge processing) tie-in duration and operational impacts
• Additional feeder main crossings associated with land drainage work

The Design Builder has increased Saturday staffing to address schedule deficiencies.

Mitigation measures for future feeder main crossings are under review, and investigations continue to reduce the duration of critical tie-ins.

Governance continues to operate effectively under the Mega Project framework. Procurement is substantially complete, with remaining activities focused on project completion and commissioning support. Delivery risks are operational and execution-related rather than governance-related.

4. Readiness

CCO Assurance Commentary:

Safety performance remains strong. There were no first aid incidents, high potential near misses, recordable medical aids, lost time injuries, or environmental spill incidents during the reporting period. The Design Builder conducted a Safety Day on May 5, 2026 for contractor and City staff.

Quality performance remains stable. One new Non-Conformance Report was opened and no reports were closed during the reporting period.

Commissioning and operational readiness remain the primary forward-looking risks. Operator training has been completed for the new Headworks Facility. Coordination activities continue for raw sewage introduction, Main Street Interceptor tie-ins, outfall work, and upcoming commissioning activities.

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

Statement Forward Look (Next 90 Days)

The Chief Construction Officer will continue to monitor:

- Raw sewage testing and commissioning progress
- Electrical and mechanical completion activities
- Critical tie-ins and shutdown execution
- Schedule recovery and milestone achievement
- Contingency utilization and cost pressures
- Contaminated soil management activities

• Interface coordination across Headworks, UV, DCS, and Primary Clarification projects
• Operational readiness and turnover activities

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 Budget Amendment – NEWPCC Upgrade: Power Supply and Headworks Facilities approved by Council on February 22, 2024, and under the Mega Project governance framework approved on December 18, 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:

- Schedule Confidence Index (SCI) - Chance of finishing on time
    - **Moderate**
    - The schedule remains achievable but is sensitive to raw sewage testing, tie-ins, electrical and mechanical completion activities, and commissioning integration. Payment milestones and construction progress continue to track below plan.
- Critical Path Volatility Trend - How often the main work plan is changing
    - **Elevated.**
    - The schedule remains aggressive and continues to require recovery of delayed construction and commissioning activities. The Design Builder is projecting a delay of up to four weeks to Raw Sewage Testing while maintaining key completion milestones.

Financial & Commercial Position

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

Cost certainty – Moderate

The project remains within the approved budget and the forecast at Ready-for-Takeover remains unchanged at $565.36 million. However, exposure remains to contaminated soil removal, commissioning activities, schedule-related impacts, and pending contract changes.

Contingency sufficiency – Marginal

Approximately $20.7 million remains available in contingency. While this is sufficient under current assumptions, the remaining contingency has limited capacity to absorb significant additional cost or schedule pressures.

Claims exposure – Potential

Commercial exposure remains associated with contaminated soil removal, schedule performance, commissioning activities, feeder main recovery work, and pending contract changes. These matters continue to be actively managed and have not developed into material claims affecting project delivery.

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 cost pressures, schedule delays, or unforeseen conditions. Approximately $20.7 million remains available in contingency.
- Cost Exposure vs. Authorized Budget - Expected total cost compared to the approved budget
    - **Forecast remains within the Council-approved budget**
    - Cost exposure remains associated with contaminated soil removal, pending contract changes, commissioning activities, and schedule-related impacts. The current forecast at Ready-for-Takeover remains unchanged at $565.36 million.
- Claim Probability Trend - Chance of future claims or disputes
    - **Elevated but stabilizing**
    - Commercial exposure remains associated with contaminated soil removal, feeder main recovery activities, schedule performance, and final commissioning work. Active commercial matters continue to be managed and have not developed into material claims affecting project delivery.

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**
    - Risk levels remain concentrated in schedule recovery, commissioning activities, weather-sensitive tie-ins, and integration of new systems into existing plant operations. Existing mitigation measures remain active and risks are being closely monitored.

- Persistent Risk Count - How many risks keep showing up again and again

    - **Moderate**
    - Recurring risks include schedule compression, contaminated soil management, existing infrastructure conditions, weather impacts, feeder main crossing activities, and coordination across Headworks, DCS, UV, and Primary Clarification projects.

- Risk Escalation Velocity - How quickly problems are getting worse

    - **Controlled**
    - Current risks remain known and actively managed. While schedule pressure continues to increase as available recovery time decreases, no new material risks have emerged that would significantly change the overall project risk profile. The Design Builder has increased staffing and mitigation planning continues for critical tie-ins and future feeder main crossings.

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**

    - Decision-making authority remains clear and escalation pathways are established. Complex commercial, commissioning, and integration matters continue to require higher-level review; however, governance processes are supporting timely decision-making.

- Approval Bottleneck Frequency - How often approvals are slowing things down

    - **Reduced compared to earlier project phases but remains under pressure.**

    - Approval processes continue to support project delivery; however, the volume of coordination, contract changes, tie-in planning, and commissioning activities increases the need for timely reviews and approvals. Continued oversight is required as the project advances toward Interim Completion and Substantial Completion.

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. Remaining procurement activities are limited to project completion, commissioning support, and minor completion items. Procurement is not expected to affect the critical path.

- Market Volatility Indicator - Are prices and supply stable or changing

    - **Moderate.**
    - Market exposure remains associated with contaminated soil removal activities, pending contract changes, and specialized equipment required for project completion. These exposures continue to be actively managed and are not currently expected to materially affect project delivery.

- This reflects a mature procurement position. Most procurement risk has been addressed through the Design Build delivery model, and remaining risks are primarily related to execution and commissioning rather than acquisition of major goods or services.

2. 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

Rationale

Safety performance remains strong. There were no first aid incidents, high potential near misses, recordable medical aids, lost time injuries, or environmental spill incidents during the reporting period. The Design Builder also conducted a Safety Day for contractor and City staff on May 5, 2026.

Quality systems remain active and functioning. One new Non-Conformance Report was opened and no reports were closed during the reporting period. No systemic quality concerns have been identified.

Commissioning and operational readiness remain the primary forward-looking delivery risks. Testing of equipment and systems is ongoing in preparation for the introduction of raw sewage into the new Headworks Facility. Upcoming tie-ins, system integration activities, pump testing, and commissioning work require careful coordination and execution.

Stakeholder & External Dependencies

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

Rationale

No external approval issues have been identified that are expected to affect project delivery. Project governance, reporting, and regulatory coordination remain stable.

Interdependencies remain under pressure due to the coordination required between the Headworks Facility, Distributed Control System Migration, Primary Clarification Upgrades, and UV Upgrades projects. Additional coordination is also required for raw sewage testing, tie-ins, shutdown activities, and introduction of flows into the new facility. These dependencies are being actively managed but remain schedule-sensitive.