City of Winnipeg

Administrative Report
Chief Construction Officer (CCO)

REPORT TYPE: Information Only
DATE: June 18, 2026
SUBMITTED BY: Chief Construction Officer

Subject

CentrePort South Water and Sewer Servicing Project – Assurance Update

Recommendation

That this report be received for information.

Discussion

1. Project Overview

Project Details	**Status**
Approved Budget	$73.7m
Forecast at Ready-for-Takeover	$73.7m
Approved Ready-for-Takeover Date	Q2 2025 – Q4 2025 (original contract approvals)
Forecast Ready-for-Takeover Date	Q3 2026
Delivery / Procurement Model	Design – Bid – Build
Current Phase	Construction/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 CentrePort South Water and Sewer Servicing Project is in the late stages of construction and transitioning into commissioning activities. The project is intended to provide regional water and wastewater infrastructure to support development within CentrePort South.

The approved project budget remains $73.7 million. Expenditures to April 30, 2026 total $52.6 million, representing approximately 71 percent of the approved budget. Current forecasts indicate that the project can be delivered within the approved funding envelope.

Construction progress continues across the remaining work packages. Force Main construction activities are complete and testing is ongoing. Lift Station construction continues with building permits and Manitoba Hydro easement approvals now in place. Feeder Main railway crossing works have commenced. The Interceptor Sewer contract remains the primary schedule concern due to tunnelling productivity, equipment issues, and staffing challenges.

The project remains off its original schedule. Revised completion dates indicate substantial completion of the remaining major contracts is expected during the third quarter of 2026. While progress continues, several critical activities remain dependent on successful completion of tunnelling operations, power servicing to the lift station, and final commissioning activities.

2. Scope, Schedule & Financial Assurance

CCO Assurance Commentary:

The project remains aligned with the approved scope and continues to deliver the regional water and wastewater infrastructure required to support development within CentrePort South.

Financial performance remains stable. The approved budget is $73.7 million, with expenditures of $52.6 million recorded as of April 30, 2026. Current forecasts indicate that the project can be delivered within the approved funding envelope. No overall project budget increase is forecast. The contingency position remains sufficient to address known risks and remaining construction activities.

Schedule performance continues to experience pressure. The project reports 85 percent schedule completion; however, several major contracts have required schedule extensions due to groundwater conditions, tunnelling challenges, equipment issues, and resource constraints. The Interceptor Sewer contract remains the primary schedule driver and is currently behind plan. Forecast substantial completion for the remaining major works is now concentrated in the third quarter of 2026.

Construction progress remains positive. Force Main construction activities have been completed and final testing is underway. Lift Station construction continues with key approvals now in place, and railway crossing work for the Feeder Main has commenced. While delivery confidence remains reasonable, successful completion of the remaining tunnelling, electrical servicing, commissioning, and turnover activities will be critical to achieving the revised schedule.

3. Risk, Governance & Procurement

Assurance CCO Assurance Commentary:

The overall risk profile remains stable but elevated due to schedule-related pressures associated with the remaining construction activities.

The most significant active risks are associated with completion of the Interceptor Sewer contract and installation of power to the Lift Station. The Interceptor contractor continues to experience equipment and staffing challenges that may affect completion of the final tunnel drive. In addition, delays in Manitoba Hydro power servicing could affect commissioning and overall project completion timelines. Both risks are being actively monitored through regular project oversight and coordination activities.

Several previously reported risks have improved during this reporting period. Manitoba Hydro easement approvals have been obtained, Enter-to-Construct agreements have been extended, and railway crossing construction has commenced, reducing uncertainty associated with property access and critical construction activities.

Governance and project controls remain appropriate for the current phase of delivery. Risk reporting is consistent, mitigation strategies are documented, and key schedule issues are being escalated through established governance processes. Procurement activities are substantially complete, with remaining efforts focused on contract administration, claims management, change orders, and completion of construction works. No material governance concerns were identified during this reporting period.

4. Readiness

CCO Assurance Commentary:

The project is progressing toward operational readiness, with several key components advancing from construction into testing and commissioning activities. Force Main construction has been completed and additional testing is underway to achieve substantial performance.

This represents a significant milestone toward system integration and final turnover.

Readiness for commissioning remains dependent on completion of the Lift Station, Interceptor Sewer, and Feeder Main contracts. The issuance of the Lift Station building permit and approval of the Manitoba Hydro easement are positive indicators that support continued progress toward commissioning. However, successful installation of permanent power remains a critical dependency. Power installation is currently planned for June 2026 and will require ongoing coordination with Manitoba Hydro.

From an assurance perspective, the project appears adequately positioned to achieve operational readiness within the revised delivery timeframe. Continued progress on tunnelling operations, electrical servicing, testing, and final construction activities will remain important leading indicators over the next reporting period.

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 the final Interceptor Sewer tunnel drive and the contractor's ability to recover schedule impacts arising from equipment and staffing challenges.
- Installation of Manitoba Hydro power servicing to the Lift Station and any resulting impacts on commissioning activities.
- Completion of the Feeder Main railway crossing at Saskatchewan Avenue and associated site restoration activities.
- Progress of Lift Station construction, including electrical, structural, and commissioning readiness activities.
- Emerging contractor claims, change orders, and dispute resolution matters associated with remaining construction works.
- Achievement of revised substantial completion milestones and readiness for system integration and turnover.

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 continues to demonstrate strong financial performance and remains forecast to be delivered within the approved budget. Significant construction progress has been achieved, including completion of Force Main construction activities, advancement of Lift Station works, commencement of Feeder Main railway crossing construction, and continued progress on the Interceptor Sewer contract.

Moderate Confidence is appropriate because key schedule risks remain active. The Interceptor Sewer contractor continues to experience equipment and staffing challenges that may affect completion of the final tunnel drive. In addition, installation of permanent power to the Lift Station remains a critical dependency for commissioning and project completion. While mitigation measures are in place and progress continues, these factors introduce uncertainty regarding achievement of the revised schedule milestones.

Based on current information, there is reasonable confidence that Council-approved project objectives can be achieved within the approved funding envelope. Continued monitoring of schedule recovery efforts, power servicing activities, and commissioning readiness will remain necessary over the next reporting period.

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 through the CentrePort South Water and Sewer Servicing capital project and subsequently received Quarterly Project Status Report No. 10 for the period ended January 31, 2026. 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
    - The Interceptor contractor remains behind schedule due to equipment and staffing challenges, and power servicing remains a schedule dependency.
- Time buffer remaining: ☐ Adequate ■ Limited
    - Multiple contracts have revised completion dates clustered in Q3 2026, leaving limited float for further delays.

Key Schedule Indicators:

- Schedule Confidence Index (SCI) - Chance of finishing on time
    - Moderate. The project remains on a revised schedule; however, completion confidence is affected by ongoing Interceptor tunnelling challenges, contractor resource constraints, and dependency on Manitoba Hydro power servicing for the Lift Station. Current progress supports completion within the revised schedule, but limited schedule flexibility remains.
- Critical Path Volatility Trend - How often the main work plan is changing
    - Moderate to High. The project has experienced multiple schedule adjustments over the past reporting periods, including revised completion dates for the Interceptor and Feeder Main contracts. Critical path activities continue to be influenced by tunnelling productivity, groundwater conditions, contractor performance, utility coordination, and commissioning dependencies. While recent changes are being actively managed, the critical path remains under pressure.

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. The project remains forecast to be delivered within the approved budget of $73.7 million. Existing contingency remains available and current forecasts indicate sufficient capacity to manage known project risks and remaining construction activities.

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

  - Low to Moderate. While several contract over-expenditures and change orders have been approved during project delivery, the overall project forecast remains within the Council-approved budget. Cost pressure continues to be monitored through contract administration and risk management processes.

- Claim Probability Trend - Chance of future claims or disputes

  - Moderate. Active dispute resolution discussions remain underway regarding the Interceptor Sewer contract. Additional claims may arise from tunnelling conditions, schedule impacts, groundwater conditions, and extra work associated with remaining construction activities. A new claim associated with additional concrete placement at the Feeder Main railway crossing is also being prepared by the contractor.

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**

  - Several earlier risks were successfully mitigated, including land access agreements, force main alignment conflicts, railway approvals, letter of credit requirements, and commencement of feeder main railway crossing work.

  - New risks continue to emerge, primarily related to lift station power supply, interceptor tunneling productivity, contractor staffing, and schedule performance. Overall risk exposure remains relatively consistent rather than

materially increasing or decreasing.

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

    - **Moderate**
    - Persistent risks throughout reporting periods include:
        - Schedule delays on the interceptor contract.
        - Feeder main railway crossing execution and groundwater conditions.
        - Easement and land agreement requirements.
        - Contractor performance and resource capacity.
    - These risks have remained active across multiple reporting periods, although several have been partially mitigated.

- Risk Escalation Velocity - How quickly problems are getting worse

    - **Moderate**
    - Risks are generally progressing slowly rather than escalating rapidly. The principal concern is the interceptor contract, where schedule delays evolved from groundwater and tunneling issues to productivity, staffing, and equipment challenges, resulting in schedule extensions. However, mitigation actions remain active and no material budget impact beyond approved over-expenditures has been identified.

CCO Assurance Commentary:

The project remains exposed to schedule-related risks rather than financial risks. Budget performance remains stable, with forecast costs remaining within the approved $73.7 million funding envelope. Current risk exposure is concentrated on completion of the interceptor sewer works, lift station power installation, and remaining railway crossing activities. Several long-standing risks have been successfully mitigated; however, recurring schedule pressures indicate continued monitoring is required through project completion. The overall risk profile is assessed as **Stable**.

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

    - **Low to Moderate.**
    - Required approvals and decisions have generally been made within timeframes needed to maintain project progress. Examples include approval of

contract over-expenditures, issuance of the RM of Rosser letter of credit, railway agreements, Manitoba Hydro easement approval, schedule extension approvals, and capital budget consolidation. While some approvals contributed to temporary schedule pressure, there is no evidence of systemic decision delays affecting overall project governance.

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

    - **Low**

    - Approval-related constraints have occurred periodically, including land transfer requirements for the Manitoba Hydro easement, RM of Rosser letter of credit requirements, and permit approvals. However, these issues were resolved through mitigation actions and did not develop into recurring governance bottlenecks. Current schedule pressures are primarily related to contractor performance, tunneling productivity, equipment availability, and construction conditions rather than approval delays.

CCO Assurance Commentary:

Project governance remains effective and appropriately structured. Reporting has been consistent across reporting periods, risk issues are being identified and escalated in a timely manner, and approval processes have generally supported project delivery. While isolated approvals and third-party agreements have required additional coordination, governance controls remain adequate and are not considered a primary driver of current project schedule pressures. The current governance environment is assessed as stable with effective oversight and reporting controls.

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**

    - All major design, construction, and consulting contracts have been awarded and are active. No significant future procurements have been identified in the quarterly reports, and project activities are focused on construction completion, commissioning, testing, and closeout activities. Remaining work is being delivered through existing contracts and approved contract amendments where required.

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

    - **Low to Moderate**
    - Market conditions are generally stable. All major consulting, design, and construction contracts have been awarded and are actively delivering project work. Remaining project activities are focused on construction completion, testing, commissioning, and closeout using existing contract arrangements. Current project pressures are related primarily to contractor productivity, staffing availability, tunneling performance, equipment reliability, and site conditions rather than broader market pricing or supply-chain instability. While isolated contractor resource challenges have contributed to schedule pressure, there is no evidence that market volatility is currently creating a material threat to project budget performance or delivery confidence.

CCO Assurance Commentary:

Procurement performance remains strong. Major contracts were awarded early in the project lifecycle and procurement activities have generally supported project delivery objectives. Approved over-expenditures and change orders have been managed through established governance processes. Current project risks are driven primarily by construction execution, contractor productivity, and schedule performance rather than procurement readiness or market availability. Procurement and commercial controls are assessed as stable and aligned with project requirements.

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

Stakeholder & External Dependencies

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

CCO Assurance Commentary:

The project demonstrates an acceptable level of readiness as it advances toward commissioning and turnover. Safety and quality management processes appear established and are functioning effectively. Testing and commissioning activities for the force main are substantially complete, building permits have been issued for the lift station, and major construction activities are progressing toward completion. No significant safety or quality concerns have been identified in the reporting period.

Commissioning readiness remains generally on track; however, project completion remains dependent on successful completion of the interceptor sewer works, installation of permanent power to the lift station, and completion of remaining feeder main railway crossing activities. These dependencies create moderate delivery pressure but are being actively managed through existing project controls.

External approvals have generally been secured, including land agreements, railway approvals, development permits, Manitoba Hydro easement approvals, and extensions to Enter-to-Construct agreements. Remaining external dependencies are largely related to third-party utility coordination and contractor performance rather than regulatory approvals. Accordingly, external approvals are assessed as on track, while third-party dependencies remain under pressure due to reliance on contractor productivity, staffing availability, tunneling progress, and Manitoba Hydro power installation timelines.

Overall readiness is assessed as progressing appropriately for the current stage of delivery, with continued monitoring required for remaining external dependencies that could influence final project completion dates.