City of Winnipeg

Administrative Report
Chief Construction Officer (CCO)

REPORT TYPE: Information Only
DATE: June 23, 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	$565.36 million
Forecast at Ready-for-Takeover	$565.36 million
Approved Ready-for-Takeover Date	July 2026 (Interim Completion) Final Completion November 2026
Forecast Ready-for-Takeover Date	July 2026 remains the current target Schedule risk remains elevated
Delivery / Procurement Model	Design Build
Current Phase	Construction and 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 NEWPCC Headworks Facilities Project remains in the construction and commissioning phase and has achieved approximately 84% completion against a planned 86%. Total expenditures are $455.7 million against an approved budget of $565.36 million. Cost performance remains stable, and available contingency remains at $20.7 million. The project continues to advance major commissioning, testing, and facility start-up activities in preparation for introduction of raw sewage to the new Headworks Facility. Schedule pressure remains the primary assurance concern as construction and commissioning productivity continue to trail planned performance despite recent improvements.

2. Scope, Schedule & Financial Assurance

CCO Assurance Commentary:

The project scope remains aligned with Council-approved objectives. No material scope changes were identified during this reporting period. Construction progress continues across the Headworks Facility, Distributed Control System Migration, Primary Clarification Upgrades, and UV Upgrades projects. Significant milestones achieved include completion of raw sewage pump flow testing activities, commissioning progress within the Headworks Facility, continued DCS migration activities, and ongoing work within the Primary Clarification and UV Upgrade projects.

Financial performance remains stable. Total project expenditures reached $455.7 million as of May 31, 2026, representing 80.6% of the approved budget. Costs continue to track below planned spending levels but remain within approved funding authority. One contract change related to contaminated soil removal was approved during the reporting period. Additional contract changes are anticipated for remaining contaminated soil removal, seasonal restoration associated with the feeder main failure, and alternative gate installation for the UV Upgrade project. Remaining contingency is $20.7 million.

Schedule performance remains under pressure. The Design Builder continues to forecast delays of up to four weeks for Raw Sewage Testing while maintaining forecast completion dates for Interim Completion, Substantial Completion, and Final Completion. Although payment milestone achievement improved significantly during May, construction and commissioning productivity remain below planned levels, particularly for electrical activities. Based on current trends, there remains a reasonable possibility that project completion milestones may experience delay if schedule recovery efforts do not achieve sustained improvement.

3. Risk, Governance & Procurement

Assurance CCO Assurance Commentary:

The overall project risk profile remains stable but elevated. Schedule-related risks continue to represent the most significant threat to delivery confidence. A new performance risk emerged during raw sewage pump flow testing when vibration issues were identified on the pump shaft. Additional testing is underway to determine corrective actions. This issue has the potential to affect commissioning and overall project schedule performance.

Weather-related risks increased during the reporting period. A major storm on June 9, 2026 flooded deep chambers and wet wells within the new Headworks Facility. No equipment damage has been identified; however, cleanup activities are expected to contribute to start-up delays. Additional weather-related risks remain associated with tie-ins, commissioning activities, and high flow conditions that could affect testing and diversion activities.

Persistent risks include aggressive schedule assumptions, existing condition uncertainties affecting tie-ins, environmental risks associated with contaminated soil removal and facility start-up, and ongoing legal and insurance activities related to the feeder main failure. Governance processes remain effective, with risk monitoring, escalation, and mitigation activities continuing through established project controls and Steering Committee oversight. Procurement activities remain aligned with project delivery requirements, although several contract changes remain in development.

4. Readiness

CCO Assurance Commentary:

Project readiness remains generally positive. Construction, commissioning, operator coordination, environmental sampling coordination, and operational planning activities continue to advance. Daily coordination with Operations for raw sewage pump testing is ongoing, and planning continues for major tie-ins, facility start-up, and diversion activities. Training activities have been completed for bin haulers and operational coordination remains active.

Health, safety, and environmental performance remain satisfactory. One first aid incident and one environmental spill incident occurred during the reporting period.

Quality performance remains stable, with two new Non-Conformance Reports opened and one closed. While readiness activities are progressing, the emerging pump vibration issue, weather-related impacts, and schedule pressure create early indicators that commissioning and turnover activities require continued close monitoring.

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

Statement Forward Look (Next 90 Days)

The Chief Construction Officer will continue to monitor:

- Resolution of raw sewage pump vibration issues identified during flow testing.
- Recovery of schedule performance and achievement of critical commissioning milestones.
- Impacts from June flooding events and associated facility cleanup activities.
- Readiness for raw sewage diversion, major tie-ins, and introduction of flow to the new Headworks Facility.
- Progress of electrical, mechanical, and commissioning activities required to support Interim Completion.

• Remaining contract changes, contingency utilization, and potential cost exposure associated with contaminated soil removal and restoration 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 C – Risk Summary
- Appendix D – Schedule Milestone Overview
- Appendix E – Financial Exposure Snapshot

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 Design Builder continues to forecast achievement of major completion milestones; however, ongoing schedule pressure, delayed construction activities, and emerging commissioning issues continue to reduce schedule flexibility.
- Critical Path Volatility Trend - How often the main work plan is changing
    - Moderate to High
    - Critical path activities continue to be adjusted to accommodate commissioning progress, testing activities, tie-ins, weather impacts, and schedule recovery efforts.

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
    - Moderate
    - Remaining contingency of approximately $20.7 million appears sufficient for currently identified risks; however, contingency flexibility has narrowed significantly as the project approaches completion.
- Cost Exposure vs. Authorized Budget - Expected total cost compared to the approved budget
    - Moderate
    - Current expenditures remain within approved authority. Forthcoming contract changes related to contaminated soil removal, restoration activities, and UV Upgrade modifications require continued monitoring.
- Claim Probability Trend - Chance of future claims or disputes
    - Moderate
    - Insurance and legal activities related to the feeder main failure remain active. Additional contract changes and final commissioning activities may create further commercial exposure.

Risk, Governance & Procurement Assurance Risk Profile

Overall risk trajectory:

☐ Improving ■ Stable ☐ Deteriorating

Risk Indicators:

- Risk Momentum Score - Are risks growing or shrinking
    - Stable
    - Most project risks remain consistent with previous reporting periods. New pump vibration concerns have been identified, while several previously identified risks continue to be actively managed.
- Persistent Risk Count - How many risks keep showing up again and again
    - High
    - Schedule performance, weather sensitivity, tie-ins, existing conditions, contaminated soils, and commissioning readiness have remained recurring risks throughout

multiple reporting periods.

- Risk Escalation Velocity - How quickly problems are getting worse
    - Moderate
    - Schedule pressure continues to increase as available recovery time decreases. The June flooding event and pump vibration issue have elevated short-term delivery risk.

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
    - Stable
    - Contract changes and project decisions continue to progress through established governance processes.
- Approval Bottleneck Frequency - How often approvals are slowing things down
    - Low
    - No material approval delays have been identified as a primary driver of project performance.

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 procurement activities have been completed and the project is focused on construction, commissioning, and turnover activities.
- Market Volatility Indicator - Are prices and supply stable or changing
    - Moderate
    - Remaining procurement exposure is limited; however, specialized equipment

modifications and restoration activities may remain sensitive to market conditions.

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

Appendix C – Risk Summary

Risk Area	Current Status	Assurance Assessment
Schedule Performance	Moderate	Schedule recovery remains challenging. Construction and commissioning productivity continue to lag planned performance.
Raw Sewage Pump Testing	Moderate	Pump shaft vibration identified during flow testing may affect commissioning and project completion activities.
Weather and Flooding	Moderate	June flooding impacted chambers and wet wells. No equipment damage identified; however, cleanup activities may affect startup timing.
Existing Conditions and Tie-ins	Moderate	Existing infrastructure conditions continue to present uncertainty for tie-in activities and commissioning work.
Environmental Impacts	Moderate	Contaminated soil removal, odour management during startup, and weather-sensitive tie-ins remain active risks.
Commercial and Claims Exposure	Moderate	Insurance and legal activities associated with the feeder main failure remain ongoing.

Appendix D – Schedule Milestone Overview

Milestone	Current Forecast
Raw Sewage Testing	In Progress
Headworks Interim Completion	July 2026
Headworks Substantial Completion	August 2026
UV Substantial Completion	August 2026
UV Final Completion	October 2026
Headworks Final Completion	November 2026
Primary Clarification Substantial Completion	July 2027
Primary Clarification Final Completion	September 2027
Distributed Control System (DCS) Substantial Completion	October 2027
DCS Final Completion	December 2027
Overall Project Completion	December 2027

CCO Schedule Assessment

The approved schedule remains achievable but is under sustained pressure. Successful achievement of upcoming commissioning, testing, diversion, and tie-in activities will be critical to maintaining current milestone forecasts. Schedule contingency is limited and continued monitoring is required.

Appendix E – Financial Exposure Snapshot

Financial Measure	Status
Approved Budget	$565.36 million
Actual Expenditures	$455.7 million
Budget Utilized	80.6%
Planned Utilization	85.8%
Remaining Budget	$109.7 million
Remaining Contingency	$20.7 million

Current Financial Exposure

• Approved contract changes continue to be managed within available authority.

• Forthcoming contract changes are anticipated for contaminated soil removal, feeder main restoration and landscaping, and UV Upgrade gate modifications.

• Cost performance remains stable and within approved funding limits.

• Remaining contingency is considered adequate for currently identified risks but should continue to be closely monitored as the project advances through commissioning and startup.

CCO Financial Assessment

Based on current information, there is no indication that the project will exceed its approved budget. Cost certainty remains moderate due to ongoing contract changes, commissioning risks, and remaining contingency utilization requirements.