Agenda – Council – September 24, 2026

Report – Executive Policy Committee – September 15, 2026

Item No. 3 **Award of Contract for Development Phase Agreement for Progressive Design Build of the North End Sewage Treatment Plant (NEWPCC) Upgrade: Nutrient Removal Facilities - Request for Proposal No. 925-2024B**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 15, 2026, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That Council waive the condition on securing the funding from the Provincial and Federal government, as set in the 2026 budget, in order to award this contract.

2. That subject to approval of Recommendation 1, the City award a Development Phase Agreement to Kiewit Construction Services ULC in the amount of $115,000,000.00, MRST included, GST extra as applicable.

3. That subject to approval of Recommendations 1 and 2, authority be delegated to the Chief Administrative Officer to approve and that the City enter into, execute, and deliver the Development Phase Agreement for the NEWPCC Upgrade: Nutrient Removal Facilities and all such other ancillary agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Agenda – Council – September 24, 2026

Report – Executive Policy Committee – September 15, 2026

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 15, 2026, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

David Grant submitted a communication in opposition to the matter.

ADMINISTRATIVE REPORT

Title: Award of Contract for Development Phase Agreement for Progressive Design Build of the North End Sewage Treatment Plant (NEWPCC) Upgrade: Nutrient Removal Facilities - Request for Proposal No. 925-2024B

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
C. D. Wiebe, P.Eng., CAMP, Manager of Engineering Services	T. W. Shanks, M. Eng., P. Eng. Director, Water and Waste Department	T. Graham	J. Dunford

EXECUTIVE SUMMARY

The Nutrient Removal Facilities project will upgrade the existing facilities at the North End Sewage Treatment Plant (NEWPCC) to address regulatory requirements for nutrient removal and replace end of life infrastructure. The Nutrient Removal Facilities upgrade is urgently needed to increase treatment capacity and allow the City to continue growing.

Three proponents were shortlisted on November 12, 2025, as the first step of a two-step Request for Proposal (RFP) process. Proposals were submitted by all three shortlisted proponents on July 22, 2026, in response to the second step of the RFP process. The evaluation of the proposals was monitored by an independent fairness advisor to ensure the established evaluation process was followed.

On August 25, 2026, the Project Steering Committee approved the selection of Kiewit Construction Services ULC, a Canadian company, as the Preferred Proponent and Development Partner. Kiewit Construction Services ULC is a subsidiary of Kiewit Canada Group Inc, which is employee-owned and has approximately 4,000 employees across Canada. They have been involved in major Canadian infrastructure projects for 85 years. Kiewit Construction Services ULC's team for NEWPCC Project 3 also includes KGS Group, a prominent local engineering firm founded and headquartered in Winnipeg.

A Manitoba Jobs Agreement is a requirement for Provincial funding and was a requisite in this award. Federal funding for this project has not yet been confirmed. However, it would come from the Build Communities Strong Fund (BCSF). The recommendations of this report comply with the Government of Canada's Buy Canada Policy, which is a condition of the BCSF. The contract will have social procurement requirements that exceed the City's Sustainable Procurement Action Plan.

This report is for the award of the Development Phase Agreement (DPA) to Kiewit Construction Services ULC for the Nutrient Removal Facilities in the amount of $115,000,000.00, MRST

included, GST extra as applicable. This capital project is financed from the approved 2022-2026 Capital Budgets for NEWPCC Upgrade: Nutrient Removal Facilities.
The recommendations of this report are compliant with the Purchasing Policy and applicable trade agreements.

RECOMMENDATIONS

1. That Council waive the condition on securing the funding from the Provincial and Federal government, as set in the 2026 budget, in order to award this contract.

2. That, subject to approval of Recommendation 1, the City award a Development Phase Agreement to Kiewit Construction Services ULC in the amount of $115,000,000.00, MRST included, GST extra as applicable.

3. That subject to approval of Recommendations 1 and 2, authority be delegated to the Chief Administrative Officer to approve and that the City enter into, execute, and deliver the Development Phase Agreement for the NEWPCC Upgrade: Nutrient Removal Facilities and all such other ancillary agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

In accordance with the City of Winnipeg Charter, the City Organization By-law, and the Purchasing Policy, Council has the authority to approve the award of this contract.

IMPLICATIONS OF THE RECOMMENDATIONS

Following award of this contract, $436.86 million will remain available from total funds in the amount of $575.89 million originally included in the approved 2022-2026 Capital Budgets for NEWPCC Upgrade: Nutrient Removal Facilities, Account Distribution No. 444 181000 200752 203110030B Exconsult.

Economic Impact Analysis (EIA)

The estimated direct and indirect economic impact of this expenditure is:

Economic Impact	Manitoba	Rest of Canada
Gross Domestic Product (GDP)	$49.4 million	$32.6 million
Person Years of Employment	267	202
Federal Government Tax Revenue	$4.7 million	$3.8 million
Provincial Government Tax Revenue	$4.7 million	N/A

Source: Statistics Canada. Table 36-10-0595-01 Input-output multipliers, detail level, the City of Winnipeg interprovincial input-output model using the Statistics Canda framework and project data.

The evaluated expenditure for the DPA is $115.0 million. The expenditure and estimated impacts are in 2026 dollars. Contingency and internal staff costs are excluded from the analysis. Some additional elements of the expenditure may be excluded to align with macroeconomic accounting principles.

The 2022 GDP at basic prices simple multiplier for other activities of the construction industry [BS23E000], cement and concrete product manufacturing [BS327300] and architectural, engineering and related services [BS541300] were used to assess this investment. Federal and provincial government tax revenue estimates include GST, MRST, personal income taxes, corporate income taxes and other sources of taxes and fees. These are estimated using the multipliers noted above in conjunction with effective tax rates calculated from the economic accounts produced by Statistics Canada.

HISTORY/DISCUSSION

The City of Winnipeg's North End Sewage Treatment Plant (NEWPCC) requires upgrading to meet the regulatory requirements of its Environment Act Licence and the Water Protection Act, replace end of life infrastructure, and increase treatment capacity to meet the City's growth requirements. The NEWPCC Upgrades are being delivered through three separate capital projects identified as:

- NEWPCC Upgrade: Power Supply and Headworks Facilities
- NEWPCC Upgrade: Biosolids Facilities
- NEWPCC Upgrade: Nutrient Removal Facilities

The Nutrient Removal Facilities project will upgrade the secondary treatment system to allow for biological removal and recovery of nutrients. This is the final project of the NEWPCC Upgrades to reduce the City's nutrient loading to the Lake Winnipeg watershed.

Progressive Design Build

The Nutrient Removal Facilities project will be delivered using a Progressive Design Build (PDB) model. PDB has three phases:

- Procurement phase
- Development phase
- Construction phase

Procurement Phase

In the procurement phase, up to three proponents are shortlisted based on their financial and technical ability to deliver the project. Out of the shortlisted proponents, the preferred proponent is selected through a competitive process, monitored by an independent fairness monitor.

This process is highly weighted on qualifications, however there is a financial component as well. At the end of this phase, the Preferred Proponent is selected to be the Development

Partner, the Development Phase Agreement (DPA) is signed, and the project advances to the development phase. **This report recommends selection of the Development Partner.**

Development Phase

In the development phase, the City provides input and works collaboratively with the Development Partner to advance the design, cost, scope, schedule, and risk allocation. The terms of the construction phase contract, known as the Project Agreement (PA), are also developed and finalized. The Project Team examines each of these thoroughly to ensure quality and value for money, including:

- **Design**: The design is advanced to at least 60 percent complete. The design is reviewed by the City and external resources to ensure adequacy and completeness.
- **Cost**: Open book cost estimates are a requirement of allowing for full transparency of costs. The cost estimates are reviewed by the City and several external resources to ensure value for money. External resources are engaged including experts, peer reviewers, and a third-party estimator. Cost estimates are also benchmarked against other projects.
- **Scope**: The design and cost estimates are advanced in an iterative process that often involves value engineering. Value engineering is a process whereby alternate options or proposed scope reductions are examined. As this is an open book process, the City has visibility on the cost impacts of changes and can make much more informed decisions.
- **Schedule**: The schedule is reviewed by the City and external resources to confirm its validity.
- **Risk Allocation**: There are various risks associated with the delivery of a project. Not all risks materialize but some will. The PDB model examines all the risks, determines which party has most control over an individual risk, and assigns ownership of each risk. The risk allocation is established in consultation with internal and external legal and risk resources. An external risk expert then performs a quantitative risk assessment (QRA) to set a contingency for City-owned risks.
- **Terms**: Internal and external legal resources and external experts are engaged to ensure the contract terms reflect industry standards and maintain the best interests of the City.

If the Development Partner and the City can come to agreement on cost, scope, schedule, risk allocation, and terms, the project advances to the construction phase and the Development Partner becomes the Design Builder. If an agreement is not reached, the partnership ends. The City retains the design and could opt to proceed with a different procurement model.

Proceeding to the construction phase will require Council approval in a future report.

Construction Phase

In the construction phase, the Design Builder completes the design and constructs the project. During this phase, the Design Builder owns some risk and the City owns some risk. The City will have an established contingency within the project budget to pay for the City-owned risks. The Design Builder's risks will be included in the Design Builder's negotiated price.

Overall, the PDB process allows the City to build the best plant within the approved budget while balancing cost, risk, operability, and needs versus wants.

Preferred Proponent Selection

On August 22, 2025, RFP Step 1 was issued and submissions were received from the following proponents:

- Graham Infrastructure LP and PCL Constructors Canada Inc. A Joint Venture
- Kiewit Construction Services ULC
- Red River Nutrient Partners, an Aecon Water Infrastructure Inc., Oscar Renda Contracting of Canada Inc., and MWH Constructors Canada Ltd. Joint Venture

All three proponents were shortlisted.

On January 26, 2026, RFP Step 2 was issued to shortlisted proponents. Proposals were received from all shortlisted proponents on July 22, 2026. The proposals were evaluated based on three categories including a technical submission (675 points), financial submission (150 points), and interview (175 points) for a maximum of 1000 points. RFP Step 2 also specified the following:

- The technical submission must receive a score of at least 325 out of 675 points in order to achieve a "pass" in the evaluation process, and
- The proponent with the highest overall score will be considered the most advantageous to the City.

An independent fairness advisor monitored the entire procurement phase to ensure that it was conducted in a fair and transparent manner and that the established evaluation process was followed. The following statement was provided by the fairness advisor:

- *"P1 Consulting confirms that we are satisfied, from a fairness perspective, that the processes undertaken related to the City of Winnipeg's North End Sewage Treatment Plant (NEWPCC) Upgrade: Nutrient Removal Facilities Project have been conducted in a fair, open and transparent manner. As Fairness Advisor for this Project, we are satisfied that the City has followed the procedures in accordance with the applicable RFP and policy documentation, and that the project participants followed the procedures and fairly applied the evaluation criteria."*

Kiewit Construction Services ULC scored the highest points for its combined technical, financial, and interview evaluation, and obtained a "Pass" on each of the Pass/Fail submission components. On August 25, 2026, the Project Steering Committee approved Kiewit Construction Services ULC as the Preferred Proponent.

Kiewit Construction Services ULC is a subsidiary of Kiewit Canada Group Inc, which is employee-owned and has approximately 4,000 employees across Canada. OnSite Magazine ranked them #10 on the 2025 "Top 40 Canadian Contractors" List. For 85 years, Kiewit Canada Group Inc. has been involved in major infrastructure projects such as construction of the arctic Distant Early Warning Line in the 1950s, Montreal Metro tunnels in the 1960s, the Quebec Hydro James Bay project in the 1970s, Saskatchewan's Nipawin Dam in the 1980s, and the Newfoundland Hibernia Oil project in the 1990s.

More recent projects include the 2023 Waaban Crossing Bridge in Kingston, Ontario, and the soon to be complete Irving Shipyard facility in Halifax, Nova Scotia. Kiewit Construction Services ULC's team for NEWPCC Project 3 also includes KGS Group, a prominent local engineering firm founded and headquartered in Winnipeg.

DPA Award Details

The contract award amount for the DPA is $115,000,000.00 MRST included, GST extra as applicable, which is within the available budget.

The Preferred Proponent's construction team has the following valid Certificate of Recognition (COR) and letter of good standing (or Manitoba equivalency):

- Kiewit Construction Services ULC has provided a letter of reciprocity for Manitoba's COR program confirming their corporate safety management systems meet the standards required under Manitoba's COR program.

The Public Service is satisfied that Kiewit Construction Services ULC has the necessary resources to perform all the work in accordance with the requirements of the DPA. The members of Kiewit Construction Services ULC have satisfactorily carried out previous collaborative delivery projects of a similar nature.

As this is not a tender, a bid security was not required. However, Kiewit Construction Services ULC will need to obtain performance security if they enter into the PA. As part of the RFP Step 1 submission, Kiewit Construction Services ULC confirmed they have the ability to obtain performance security typical of projects of similar scope and complexity to the Nutrient Removal Facilities Project. Kiewit Construction Services ULC have agreed to maintain their submission commitments until November 19, 2026.

Project Funding

Funding agreements with the Province of Manitoba and the Government of Canada are in advanced phases of discussion.

The Province of Manitoba has committed funds of $500 million from the Strategic Infrastructure Basket. A Manitoba Jobs Agreement is an expected condition of the funding which will establish wage-rate and compensation requirements focusing on local trades. An agreement will be negotiated over the coming months. All proponents under this procurement understood that a Manitoba Jobs Agreement will apply.

The Government of Canada launched its Build Communities Strong Fund (BCSF) with their 2025 budget. The City has been advised that the $500 million in funding for this project would come from a combination of streams under the BCSF: Provincial and Territorial Stream, where the Province is the applicant, and the Direct Delivery Stream where the City has made an application. At the time of this report writing, funding confirmation has not been received but the City understands that decisions over both streams will be made soon. A condition under BCSF will be to comply with the Buy Canadian Policy. All projects will be encouraged to use Canadian goods and services whenever possible. Proactively, the recommendations in this report comply with the policy.

In the event that full funding is not received from the Federal Government, the City will use rates to fund the remainder of the project. Funding the difference with sewer rates will have an impact on customers, and if needed, will require approval from Council in a future rate report.

Using the current project cash flow forecast, estimated average customer bill impact from rate increases needed for the City to cover the missing Federal Government share for a household of four people would be approximately $200 per year for the duration of the project.

Financial Status

The financial status of the Nutrient Removal Facilities project is as follows:

Authorized Capital		$ 575,894,000.00
Amount of Previous Awards or Expenditures	$ 22,964,437.67	
Amount of this Award	115,000,000.00	
Est. Engineering Cost		
Est. Manitoba Retail Sales Tax		
Est. Self Assessed MRST		
Corporate Interest Charges		
Corporate Administrative Charges		
Total Estimated Cost	$ 137,964,437.67	$ 137,964,437.67
Estimated Residual for Remaining Projects		$ 437,929,562.33

FINANCIAL IMPACT

Financial Impact Statement

Date: August 28, 2026

Project Name:

First Year of Program **2026**

AWARD OF CONTRACT FOR DEVELOPMENT PHASE AGREEMENT FOR PROGRESSIVE DESIGN BUILD OF THE NEWPCC UPGRADE: NUTRIENT REMOVAL FACILITIES
REQUEST FOR PROPOSAL NO. 925-2024B

	2026	2027	2028	2029	2030
Capital					
Capital Expenditures Required	$ -	$ 45,000,000	$ 45,000,000	$ 25,000,000	$ -
Less: Existing Budgeted Costs	-	45,000,000	45,000,000	25,000,000	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources (see comments below):					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - BCSF	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds for this project are included in the approved Capitals Budget for NEWPCC Upgrade: Nutrient Removal Facilities, Account Distribution No. 444 181000 200752 203110030B.This project will be financed by Retained Earnings, Environmental Project Reserves (EPR), the Build Communities Strong Fund (pending approval), and External Debt. Final allocation of funding sources will occur after all funding is confirmed.

Tanis Yanchishyn, CPA, CA
Tanis Yanchishyn, CPA, CA
Manager of Finance and Administration

dr
18-Aug-26

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services Department (as to legal issues)
- Corporate Finance, Purchasing Division

OURWINNIPEG POLICY ALIGNMENT

Goal: Environmental Resilience

Policy 2.17 Regional Water Resource Management: Engage in comprehensive watershed planning and partnerships that protect Indigenous rights, waterways, biodiversity, water quality, people and property, by addressing the long-term capacity of water-related systems and resources, including: rivers, riverbanks, potable water, flood protection, and storm and wastewater management.

Objective 5: Protect and respect the land through the City's responsibility to ensure that life-sustaining ecosystems continue to provide clean air, clean water, biodiversity, local food systems, natural habitats, ecological restoration, carbon sequestration, cooling of urban heat island effect, opportunities for Indigenous land based practices, and improved mental and physical health.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity 6: Waste Reduction and Diversion.

Key Direction 6.4: Support Integrated Resource Recovery Opportunities

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

On February 24, 2022, Council directed that bidders for the Nutrient Removal Facilities Project include the following in their submissions:

- Specific commitments to engage skilled labour including targets for employment of Indigenous peoples and other under-represented groups within the Manitoba market.

- Proposed plans and partnerships with organizations to promote employment and training initiatives for Indigenous and other under-represented groups within the Manitoba market.

This aligns with Goal 1 – Equity and a Culture of Caring are Demonstrated through Strategy Implementation and Systems Change; Topic – Community Benefits in City Projects of the Winnipeg Poverty Reduction Strategy Implementation Plan.

SUBMITTED BY

Department:	Water and Waste
Division:	Engineering Services
Prepared by:	R. Taylor, P. Eng.
Date:	August 28, 2026
File No.:	S-972