



MEMO / NOTE DE SERVICE

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TO: Public Works and Infrastructure Committee

DESTINATAIRE : Comité des travaux publics et de l'infrastructure

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DATE: March 18, 2025

18 mars 2025

FILE NUMBER: ACS2025-PDB-RHU-0010

**SUBJECT: Memorandum of Understanding and Letter of Agreement between the
City of Ottawa and Public Services and Procurement Canada with respect to the
"Block 2 Redevelopment Project" construction project**

**OBJET : Protocole et lettre d'entente entre la Ville d'Ottawa et Services publics et
Approvisionnement Canada au sujet du projet de renouvellement de l'îlot 2**

PURPOSE

The purpose of this memorandum is to advise the Public Works and Infrastructure Committee that the City has entered into a Memorandum of Understanding and Letter of Agreement with Public Services and Procurement Canada (PSPC) with respect to the Block 2 Redevelopment Project, further to the direction and delegation of authority given to the General Manger of Planning, Development and Building Services by the former Transportation Committee (now named Public Works and Infrastructure Committee) on [September 26, 2024](#).

BACKGROUND

The federal government is undertaking the redevelopment of several properties along Wellington Street between Metcalfe Street and O'Connor Street that when complete will form a major integrated complex known as Block 2 Redevelopment Project. The redesigned block will provide office space for the Senate of Canada and the House of Commons and space for the Library of Parliament. It will also include renovated retail space facing Sparks Street.

Construction on the project began last fall and is anticipated to be completed in 2033.

DISCUSSION

On September 26, 2024, Transportation Committee received a presentation from Public Services and Procurement Canada (PSPC) with respect to the status of the Block 2 Redevelopment Project. The intent of the presentation was to provide Committee members with an update on this major downtown project as well as outline the mobility impacts on Wellington and surrounding streets throughout the construction period. While impacts are expected to be minimal until summer 2025, Committee members expressed a concern with respect to the planned reduction of travel lane capacity on this block of Wellington Street for several years. As such, the Committee passed a motion asking the federal government to maintain one vehicular lane in each direction and one segregated cycling lane in each direction throughout the duration of the construction.

The Committee also asked staff to negotiate a Memorandum of Understanding with PSPC to:

- Fund the federal portion of the Sparks Street Public Realm Plan design
- Provide annual financial support to the Sparks Street Business Improvement Area for tourism destination development and programming
- Allow more favourable customized leasing terms for vacant federal properties on Sparks Street

Over the course of the last several months, City staff have been in negotiations with federal government partners on the parameters of a Memorandum of Understanding and to address the [motions](#) carried by the Transportation Committee at its meeting of September 26, 2024. Through the discussions on the Memorandum of Understanding, there has also been an opportunity to negotiate a Letter of Agreement to establish direction and responsibilities for the funding of the [Sparks Street Public Realm Plan](#) functional and detailed design work.

Per the delegation of authority provided to the General Manager, Planning, Development and Building Services, a Memorandum of Understanding has been entered into that reflects the intent of the Committee's directions. The agreement provides that:

1. Wellington Street will be open at all times to one vehicular lane in each direction throughout the entire construction period.
2. Should the cycling facilities on Wellington need to be detoured between Metcalfe Street and O'Connor Street, that cyclists will still be permitted (via super sharrows) on Wellington Street through this section and that the super sharrows will remain clear and visible at all times. PSPC will be responsible for installing these super-sharrows (green and white) and their maintenance over the duration of the detour, should the sharrow markings show signs of wear.
3. In addition to the City of Ottawa's contribution of \$1 million for the Sparks Street Public Realm Plan functional and detailed design through Budget 2025, PSPC has agreed to a financial contribution of up to \$750,000, plus applicable taxes towards a professional services contract for the functional design work of the six blocks of Sparks Street, and the detailed design of Blocks 2 and 4, in support of the eventual full implementation of the Public Realm Plan.
4. PSPC will continue to provide annual financial contributions to the City of Ottawa in support of the Sparks Street Mall Authority and the Sparks Street Business Improvement Association in support of its ongoing destination development and programming activities and remains open to discussing opportunities for further support for targeted and specialized events, where appropriate.
5. PSPC and the City will meet quarterly in the context of advancing the Sparks Street Public Realm Plan to discuss initiatives aimed at the sustained improvement of the economic vitality and vibrancy of the street, which may include but is not limited to, leasing of the Government of Canada units facing the

Sparks Street Mall, improving ground level façades, signage and reinstating ground level retail through ongoing and future redevelopment projects. PSPC has committed to several immediate public realm improvements.

The full Memorandum of Understanding can be found in Document 1 as well as the Letter of Agreement in Document 2.

CONCLUSION

The Memorandum of Understanding provides assurance that mobility impacts will be minimized during the entire construction period of the Block 2 Redevelopment Project. The federal funding provided to the City of Ottawa through the Memorandum of Understanding will provide the means to undertake the final design for a reimagined Sparks Street in support of the 2019 Sparks Street Public Realm Plan and several economic development priority plans for Downtown Ottawa. Finally, a commitment to quarterly meetings will ensure that all parties will further align measures to animate the public realm and improve economic resilience on Sparks Street.

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SUPPORTING DOCUMENTATION

Document 1 – Memorandum of Understanding for Municipal and Federal Cooperation on Downtown Improvement and Revitalization Efforts

Document 2 - Letter of Agreement for the Funding of the Sparks Street Public Realm Plan Functional and Detailed Design