

NO: R117

COUNCIL DATE: June 24, 2024

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **June 19, 2024**

FROM: **General Manager, Planning & Development** FILE: **1220-050-2023-010**
General Manager, Corporate Services

SUBJECT: **Award of Contract No. 1220-050-2023-010 for an Automated Rule-Based Zoning By-law Compliance Tool**

RECOMMENDATION

The Planning & Development Department and the Corporate Services Department recommend that Council:

1. Receive this report for information;
2. Approve the award of Contract No. 1220-050-2023-010 to Archistar Pty. Ltd. for provision of an Automated Rule-Based Zoning By-law Compliance Tool for a three-year term in the amount of \$1,581,690.00 (including applicable taxes);
3. Approve the option to extend Contract No. 1220-050-2023-010 for up to two additional one-year terms.
4. Set the expenditure authorization limit for Contract No. 1220-050-2023-010 for the first three years at \$1,740,000.00, including applicable taxes and contingency, plus annual Consumer Price Index ("CPI") increases; and
5. Authorize the General Manager, Planning & Development to execute Contract No. 1220-050-2023-010 and approve the optional extensions to a maximum amount of \$595,200.00 per year, including applicable taxes and contingency, plus annual CPI increases.

INTENT

The intent of this report is to obtain Council approval to award Contract No. 1220-050-2023-010 to Archistar Pty. Ltd. for an Automated Rule-Based Zoning By-law Compliance Tool for a three-year term. This contract includes implementation, annual licensing, and support, with an option to extend for up to two one-year extensions at the sole discretion of the City; specifically, as approved by the General Manager, Planning & Development.

BACKGROUND

On December 4, 2023, the City received approval for a \$95.6 million (the "Funds") from the Canada Mortgage and Housing Corporation ("CMHC") for the Housing Accelerator Fund ("HAF").

The HAF Action Plan, a series of eight initiatives aimed at accelerating the speed and delivery of housing, includes the research and implementation of AI-powered digital compliance capabilities to support evaluating development permit applications. The HAF Action Plan is available on the City website at [Housing Accelerator Fund | City of Surrey](#).

DISCUSSION

Since 2021, staff have noted a significant decrease in the quality of single-family building permit applications, with over 80% of applications having significant deficiencies. This has led to additional pressures on staff to perform further reviews, thereby prolonging the permit issuance process.

An analysis of common deficiencies in single-family building permit applications reveals that issues around compliance with *Surrey Zoning By-law, 1993, No. 12000* (the “Zoning By-law”) are the most common, particularly building height, setbacks, and upper floor massing.

Each year, the City issues approximately 800 new single-family building permits. It is anticipated that automating portions of the Zoning By-law compliance review will significantly improve the permitting approval process, including greater alignment on interpretation issues, and improved overall speed and reliability of the process.

Procurement Process

On October 13, 2023, the City issued Request For Expressions Of Interest (“RFEOI”) No. 1220-050-2023-010, seeking to identify and pre-qualify market-ready solutions to support the City’s goal of streamlining the plan review process, focusing on the most common zoning non-compliance issues: building height, setbacks, and upper floor massing, referred to as “Critical Use Cases”. The RFEOI employed a new, innovative two-stage evaluation process; first, an initial review of compliant submissions, followed by a collaborative, hands-on, eight-week proof of concept (“POC”) to test solutions for accuracy, configurability, and responsiveness.

The City received and evaluated three submissions for the RFEOI, advancing one vendor, Archistar Pty. Ltd. (“Archistar”), to the POC stage based on their ability to address the Critical Use Cases. The other two RFEOI submissions, from ESRI and Deloitte, had strong industry reputation, but did not clearly demonstrate how they would address the City’s following Challenge Statement:

...to improve and/or automate aspects of its plan review regulatory compliance process, with an initial focus on new single family building permits (in Zones RH, RF and RF-13), in any or all of the following key focus areas:

- Streamline Plan Reviews;
- Reduce Review Efforts;
- Increase Consistency of Reviews;
- Integrate with Existing Platforms;
- Reduce wait-time and re-submissions;
- Process Digital Files; and
- Promote User Adoption.

As such, Archistar was the only proponent invited to submit a cost proposal.

The POC demonstrated that Archistar’s automated rule-based zoning by-law compliance software (“eCheck”) could produce an accurate review of the Critical Use Cases with associated time savings and was usable in the City’s plan review setting. This solution could also help streamline other zoning requirements, including lot coverage, floor area ratios, and basement percentage.

The RFEOI evaluation team, composed of staff including plan checkers and IT professionals, concluded that Archistar will be able to deliver on the City’s requirements and provide the best value for the City based on its assessment of system’s functionality, customization capabilities, and the overall responsiveness and professionalism of Archistar.

If implemented, eCheck does not remove the role of plan checkers in the approval process. With eCheck, single-family developers could vet their submissions in PDF file or CAD/BIM format for preliminary compliance with the City’s zoning requirements in advance of a formal application. Through this pre-compliance process, developers would receive instant feedback on their permit applications, significantly reducing the number of incomplete applications, reducing plan checking efforts, and accelerating the delivery of housing in our community. eCheck would facilitate pre-compliance of Small-Scale Multi-Unit Housing relating to provincial housing legislation.

eCheck is being implemented in other municipalities, including the City of Vancouver.

Financial Considerations

The costs associated with eCheck are based on the initial implementation, support, and licensing of the system, amounting to \$1,581,690.00, including applicable taxes. These costs are based on an estimated annual review volume. If the number of reviews exceeds this volume, additional costs will be incurred. To manage these costs, the City plans to set a limit on free application reviews (e.g., two free eCheck reviews per building permit application) and recover fees for any additional reviews.

FUNDING

Funding to implement and operate eCheck is available in the HAF budget.

LEGAL SERVICES REVIEW

This report has been reviewed by Legal Services.

CONCLUSION

The implementation of Archistar’s eCheck solution could significantly improve the plan checking process by allowing single-family developers to vet their drawings against common deficiencies in advance of a formal application, resulting in improved applications to the City and faster permit approvals.

The evaluation team determined that the proposal submitted by Archistar provides the best value to the City. Accordingly, staff recommend that Contract No. 1220-050-2023-010 for the eCheck solution be awarded to Archistar.

Original signed by
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