

## Staff Report

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**Report To:** City Council  
**Report From:** Bradey Carbert, Manager of Corporate Services  
**Meeting Date:** May 29, 2023  
**Report Code:** CR-23-056  
**Subject:** Approval of Non-Standard Procurement – Online Permit Software

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### Recommendations:

THAT in consideration of Staff Report CR-23-056 respecting Approval of Non-Standard Procurement – Online Permit Software, City Council:

1. Approves the purchase of Online Building Permit Software from Cloud Permit for \$188,764.80, including the City's non-refundable allocation of HST; and
2. Directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the Agreement.

### Highlights:

- The modernization of the City's existing software applications is a key component in implementing the City's IT Strategy.
- The City's existing software cannot meet current needs without expansion and the allocation of internal resources.
- The implementation of a new online permit system will improve customer service capabilities while offering automated internal processes to drive efficiencies.
- Funding for the implementation and annual software maintenance of the online permit software is included in the 2023 multi-year capital plan and future operating budget forecasts.

## **Strategic Plan Alignment:**

[Strategic Plan](#) Priority: Service Excellence - KR2 - Enhance our information, technology and digital capabilities to allow residents, businesses and visitors to interact with the City where, when and how they choose.

## **Climate and Environmental Implications:**

There are no anticipated climate or environmental impacts.

## **Previous Report/Authority:**

The modernization of many of the City's software applications was identified in the July 19 Staff Report on the 2022 IT Needs Assessment project to the Corporate Services Committee ([CR-22-067](#)). Council approved the Corporate Services Committee minutes on September 12, 2022. The projects identified in the IT Needs Assessment are included in the City's multi-year capital plan.

The IT Needs Assessment identified that the City needed to expand the existing software (AMANDA) or replace the system with a new product. This recommendation resulted from a process review and identifying manual processes and workarounds associated with the existing system. The current system also lacks integration and self-service capabilities. While the system has the potential to be expanded, the cost to expand the product might not provide the desired future state and will also require extensive IT support in comparison to a cloud-based solution. It was deemed appropriate by staff and the Consultant to pursue a new cloud-based permit system.

The Service Delivery Review recommends leveraging existing technology to improve service delivery. As identified above, the existing software should not be expanded due to limited capabilities and ongoing resource requirements. Technology has already been implemented in the Building and Planning Divisions but needs to be modernized and updated to a product that improves customer service delivery and increased potential for internal processes to be automated to be more efficient.

## **Background:**

Section 33 of the By-law 2020-022 (Purchasing By-law) permits non-standard procurement processed under a series of options, including goods,

services, construction, or consulting services through a Vendor of Record (VoR) program, where analysis supports best value.

Sections 44 and 45 of the Purchasing By-law permit cooperative purchasing through other publicly funded agencies when it is in the City's best interest, where the originating agency's purchasing requirements are consistent with the City's, and the supplier can provide the same terms and conditions to the City.

Purchasing staff have reviewed the cooperative purchasing opportunity for online permit software led by the Association of Municipalities of Ontario (AMO) and in consultation with Ontario Building Official's Association (OBOA), the Municipal Information Systems Association of Ontario (MISA ON), and the Municipal Property Assessment Corporation (MPAC), to confirm that the procurement process was completed following both the host agency's procurement policies and were compatible with the City's.

## **Analysis:**

The replacement of the current system has been deemed a priority project by building and planning staff to address increased demand and legislated timelines. The implementation of similar software has been deemed a priority by the majority of municipalities across Ontario and has resulted in a collaborative approach led by AMO.

On June 29, 2021, AMO, through its business services company, Local Authority Services (LAS), announced a project with MPAC to identify a preferred digital provider of electronic building permits. The joint project was to identify an integrated e-permitting system(s) for building permits that includes applications and review, inspections, communications with applicants, payment processing, data storage and coordination with MPAC.

An RFP was issued in 2021 by AMO/LAS to identify a vendor(s) that could offer a scalable, market-tested, e-permitting system to all 444 Ontario municipalities. AMO/LAS formed an RFP committee supported by representatives from MPAC, the OBOA and MISA ON to assist with evaluating submissions. The RFP included key requirements and commitments that e-permitting technology providers had to meet, including delivering this pilot project.

Key requirements that were part of the review criteria included:

- An end-to-end digitized process that improves customer service and reduces the cost-of-service delivery for municipalities.
- A fully digitized e-permitting process that includes:
  - Intuitive customer interface and digital approval process to automate internal business functions;
  - Online portal for intake, inspection booking, payments, and checking application status;
  - Staff application interface - plans review, permit issuance, inspections, GIS;
  - System Module Features for accounts, workflow, payment and data management, integrations, fee calculation, reporting, etc.;
  - Data sharing with MPAC, Statistics Canada;
  - Allow for shared building permitting service agreements between municipalities using a single platform;
  - Allow for customization if required;
  - Ensure privacy of information; data residency must be in Canada;
  - Assist with change management;
  - Implementation and onboarding plan;
  - Provide technical support and training; and
  - Transparent pricing.

The RFP committee undertook a detailed and extensive five-month evaluation period. The committee evaluated six technology providers and determined that the most scalable, “out of the box,” cost-effective, and market-tested solution was appropriate for all Ontario municipalities. As a result, on January 17, 2022, Cloudpermit was announced as the successful candidate in the LAS’ RFP process.

The RFP process has confirmed Cloudpermit as a preferred and vetted e-permit solution that can digitize the building permit process to reduce costs, improve customer experience, and increase efficiency. Cloudpermit is an international e-permitting company becoming a common solution in Ontario. They provide a web-based service to make the building permit process faster and easier while meeting the needs of residents and the development industry.

Other Grey County communities currently using Cloudpermit include Georgian Bluffs, Grey Highlands, West Grey, Chatsworth, Hanover and Meaford.

The decision to implement an e-permitting system, and specifically the Cloudpermit system, was informed by several key considerations:

- The volume and complexity of the building activity in Owen Sound have undergone extraordinary growth over the past few years. This trend is expected to continue because the number of developments that have or are undergoing the approval process are increasing, as is their scale. This will result in more permits as well as more inspections. The reasonable limits of using a mostly non-digital management approach for this work have been exceeded.
- Cloudpermit has developed a planning and development module to receive planning applications, schedule meetings, distribute public notices, circulate comments, coordinate timelines and approvals, receive payments, and provide many workflow and administrative functions. This will help the City administer planning applications and timelines associated with recent legislative changes.
- Cloudpermit has also developed a by-law enforcement module to register complaints, create cases, complete inspections, receive payments, and provide many workflow and administrative functions. This will provide field integration to by-law enforcement staff and improve administration and record management processes.
- Cloudpermit continues to survey municipal needs and is investigating potential expansion opportunities to provide technology for these needs.

As the software is implemented and customized to meet the City's needs, it can also be developed to include other departments, such as Public Works and Engineering, for the application and issuance of engineering permits such as but not limited to Street Occupation, Entranceway, Road Closure and Special Servicing Permits.

## **Financial Implications:**

Cloudpermit has analyzed the City's previous three years of building permit activities to determine that the City's subscription fee for 2023-25 will be \$58,000 annually, plus tax, as well as an additional one-time implementation

fee of \$11,500 in 2023. The three-year commitment to purchase and implement the software is \$188,764.80, including the City's non-refundable allocation of HST.

The implementation and the annual operating fee from May 2023 to June 2024 will be funded by the City's capital program. The year two and three expenses will be included in the 2024 and 2025 operating budgets to be funded by a combination of permit revenues, taxation, and potential operational savings.

The annual costs are broken out as follows:

Division	Annual Cost	Funding Source
Building	\$26,000	Permit Fees
Planning	\$19,000	Permit Fees
By-law	\$13,000	Taxation
<b>Total</b>	<b>\$58,000</b>	

The \$58,000 annual fee will be offset by the reduction in the cost of the existing permitting software of \$14,000 in the building and planning divisions for a net annual cost of \$44,000. This expense will be factored into the 2024 operating budget.

### **Communication Strategy:**

The proposal solicitation process completed by AMO met the City's purchasing policy requirements.

A communication strategy for the implementation of the online permit software will be developed in coordination with the internal project team and Cloudpermit.

### **Consultation:**

The IT Needs Assessment Consultant recommended replacing the City's existing permit software based on interviews and reviewing processes with the City's Building, Planning, By-law, and Information Technology staff. The City's internal project management team assigned to this project supports the purchase and implementation of the software.

**Attachments:**

None.

**Recommended by:**

Bradey Carbert, Manager of Corporate Services

Kate Allan, Director of Corporate Services

Pam Coulter, Director of Community Services

**Submission approved by:**

Lara Widdifield, Director of Public Works and Engineering

For more information on this report, please contact Bradey Carbert, Manager of Corporate Services at [bcarbert@owensound.ca](mailto:bcarbert@owensound.ca) or 519-376-4440 ext. 1240.