Canadian International Trade Tribunal
Tribunal canadien du commerce extérieur

CANADIAN INTERNATIONAL TRADE TRIBUNAL

# Procurement

## ORDER AND REASONS

File No. PR-2008-017

Bluedrop Performance Learning Inc.

v.

Department of Public Works and Government Services

*Order and reasons issued Thursday, February 19, 2009*

# TABLE OF CONTENTS

IN THE MATTER OF a complaint filed by Bluedrop Performance Learning Inc. under subsection 30.11(1) of the *Canadian International Trade Tribunal Act*, R.S.C. 1985 (4th Supp.), c. 47;

AND FURTHER TO a decision of the Canadian International Trade Tribunal, pursuant to subsections 30.15(2) and (3) of the *Canadian International Trade Tribunal Act*, recommending that Bluedrop Performance Learning Inc. be compensated by an amount equal to the profit that it would have earned from the date of the contract award to 2054629 Ontario Inc. o/a Acron Capability Engineering Inc. to the date of the subsequent award to Bluedrop Performance Learning Inc.

**BETWEEN**

**BLUEDROP PERFORMANCE LEARNING INC.** **Complainant**

**AND**

**THE DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES** **Government Institution**

## ORDER

The Canadian International Trade Tribunal hereby recommends that the Department of Public Works and Government Services compensate Bluedrop Performance Learning Inc. in the amount of $130,324.69 for the profit that it would have earned from the date of the contract award to 2054629 Ontario Inc. o/a Acron Capability Engineering Inc. to the date of the subsequent award to Bluedrop Performance Learning Inc.

Pasquale Michaele Saroli
Pasquale Michaele Saroli
Presiding Member

Hélène Nadeau
Hélène Nadeau
Secretary

# STATEMENT OF REASONS

1. In its determination made on September 25, 2008, the Canadian International Trade Tribunal (the Tribunal), pursuant to subsections 30.15(2) and (3) of the *Canadian International Trade Tribunal Act*,[1] recommended that the Department of Public Works and Government Services (PWGSC) compensate Bluedrop Performance Learning Inc. (Bluedrop) by an amount equal to the profit that it would have earned from the date of the contract award to 2054629 Ontario Inc. o/a Acron Capability Engineering Inc. (Acron) to the date of the subsequent award to Bluedrop. In that determination, the Tribunal directed the parties to develop a joint proposal for compensation. As the parties were unable to reach an agreement on the amount of compensation, Bluedrop submitted a claim with the Tribunal on November 27, 2008. PWGSC responded on December 8, 2008, and Bluedrop filed its reply comments on PWGSC's submission on December 15, 2008. On December 19, 2008, PWGSC filed additional comments in response to Bluedrop's December 15, 2008, reply. On December 23, 2008, Bluedrop filed its final comments.

## COMPENSATION

2. In determining the amount for lost profit, the Tribunal considered the *Procurement Compensation Guidelines* (the *Guidelines*), which read as follows:

> . . .
>
> **2.2** Compensation awards will not be based on speculation or conjecture. The Tribunal recognizes that inherent in certain compensation recommendations will be the requirement to project into the future. However, in all circumstances, claims for compensation must be accompanied by credible economic, financial or other evidence.
>
> . . .
>
> **3.1.2** In determining the amount of compensation to recommend, the Tribunal will attempt, insofar as is appropriate in the circumstances and bearing in mind any other relief that it recommended, to place the complainant in the position in which it would have been, but for the government's breach or breaches.
>
> . . .
>
> **4.1** The complainant bears the onus of proof in establishing a compensation claim.[2]
>
> . . .

### Bluedrop

3. In its submission of November 27, 2008, Bluedrop essentially claimed that compensation should reflect three separate elements: (1) the profit that Bluedrop lost when Acron was performing the work; (2) the additional costs that Bluedrop incurred in having to hire a second team of employees when it was awarded the contract; and (3) the profit that Bluedrop is losing and will continue to lose while it performs the work. In its December 15, 2008, reply comments, and after review of PWGSC's December 8, 2008, reply, Bluedrop modified the amounts of its claim for compensation by amending its calculations regarding the profit lost during Acron's contract period and removing its claim regarding the profit lost during Bluedrop's contract period.

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1. R.S.C. 1985 (4th Supp.), c. 47.
2. In its order in *Re Complaint Filed by Spacesaver Corporation* (27 April 1999), PR-98-028 (CITT), the Tribunal stated that the burden on the complainant was to prove the loss of profit for which compensation was claimed "on a reasonable preponderance of evidence".

4. Regarding the profit lost during Acron's contract period, Bluedrop claimed that it was entitled to $234,225.96. In arriving at this amount, Bluedrop considered a number of factors, which PWGSC also utilized and which the Tribunal considers relevant to the determination of compensation in this instance. The factors are as follows:

(a) the length of the compensation period;

(b) the correct per diem rate (for use in the calculation of gross revenue);

(c) the cost of employee compensation and related benefits;

(d) overhead costs;

(e) relocation expenses; and

(f) equipment acquisition expenses.

Length of the Compensation Period

5. Regarding the length of the compensation period, Bluedrop submitted that the compensation amount should be based on the number of person-days during which the contract *would* have been in place, had it been properly awarded to Bluedrop. In this regard, Bluedrop claimed that a by-product of the highly inappropriate actions of PWGSC and Acron was a delay in the awarding of the contract, such that it was awarded on May 16, 2008, instead of April 1, 2008, as anticipated. The Request for Proposal (RFP) at issue included a provision guaranteeing 1,320 person-days for the winning company during the first year of the contract. This amount, however, was predicated on the contract being awarded on April 1, 2008, and finishing on March 31, 2009. Bluedrop asserted that the contract was not awarded until May 16, 2008, because Acron had not been able to obtain the necessary personnel and, as such, was essentially unprepared for the assumption of activities under the contract after inappropriately securing it. Bluedrop submitted that it should not be penalized for Acron's inability to secure its personnel in time to begin the contract as expected. Bluedrop submitted that the basis for calculating lost profit should therefore assume that it would have been awarded a contract for the guaranteed 1,320 person-days. Bluedrop noted that, as its own contract, awarded in keeping with the Tribunal's recommendation, guarantees 522 person-days, the number of "lost" person-days upon which the amount for lost profit should be based is 798 person-days (1,320 minus 522).

6. Bluedrop acknowledged that there was an amendment that reduced the number of person-days to 1,000 but asserted that the reduction emanated from Acron's shortcomings with regard to the ability to commence performance of the contract; that the amendment was issued just weeks before the Tribunal issued its determination in the matter and, thus, after PWGSC had conceded the key allegations in Bluedrop's complaint; and that the level of work activity, taking into account both Acron's portion and Bluedrop's portion, would exceed 1,000 person-days, thus indicating that the Department of National Defence (DND) required more than the 1,000 person-days noted in the amendment.

7. Bluedrop submitted that, as noted in the Tribunal's order in *Re Complaint Filed by Averna Technologies Inc.*,[3] among others, the Tribunal will, in accordance with the *Guidelines*, "attempt . . . to place the complainant in the position in which it would have been, but for the government's breach or breaches." It therefore submitted that its total of 798 "lost" person-days is more indicative of the work that it would have done, and the profit that it would have earned, than PWGSC's argument that the compensation amount should be limited to the actual number of person-days that Acron worked.

3. (10 October 2006), PR-2005-035 (CITT).

Correct Per Diem Rate

8. According to Bluedrop, PWGSC, in its December 8, 2008, submission, used the per diem rate of $-------- for all its calculations. Bluedrop submitted that this per diem rate was merely the rate negotiated with Bluedrop for the current contract and did not correspond to Bluedrop's original bid price, in which it proposed an average per diem rate of $---------, an amount which factors in a number of non-guaranteed evaluation days. Bluedrop submitted that any calculation for lost profit relating to Acron's contract period should therefore use the latter per diem rate and not the former which was negotiated after the fact.

Cost of Employee Compensation and Related Benefits

9. In its second submission, Bluedrop conceded that its original submission relating to lost profit did not include a detailed itemization of payments that it would have made in respect of each employee. It therefore submitted the following table that sets out the salaries and expenses per pay period for the employees who would have worked on the contract. It submitted that its employees are paid twice a month and would have received 12 pay cheques during the period of Acron's contract, from May 16 to November 14, 2008, inclusive. Bluedrop submitted that the total cost of the salaries and benefits would have been $-------------- ($------------ times 12 pay cheques).

| Employee Name | Base Salary per Pay Period | EI | Ins. | CPP | WC | Health | RRSP | Total Salary and Benefit Cost that Would Have Been Incurred per Pay Period |
|---|---|---|---|---|---|---|---|---|
| ------- ------- | ---------- | ------- | ------- | -------- | ------ | -- | -- | ---------- |
| ----- --------- | ---------- | ------- | ------- | ------- | ------ | ------- | -- | ---------- |
| --------- ------ | ---------- | ------- | ------- | ------- | ------ | ------- | -- | ---------- |
| ------ ------- | ---------- | ------- | ------- | ------- | ------ | ------- | -------- | ---------- |
| ----- ------ | ---------- | -- | -- | -- | ------ | -- | -- | ---------- |
| ------- ------- | ---------- | ------- | ------- | ------- | ------ | -- | -- | ---------- |
| **Total** | - | - | - | - | - | - | - | ------------ |

Overhead Costs

10. Bluedrop submitted that, related to its indirect costs for the company as a whole, overhead costs would typically include office expenses, rent, repairs and maintenance, executive compensation, municipal taxes, travel, entertainment, marketing and utilities. According to Bluedrop, because the contract would have been performed off-site, at Canadian Forces Base Gagetown, these indirect costs would not have increased as a result of the performance of the contract. In addition, Bluedrop claimed that there would have been no further direct costs, other than the above-listed salaries and benefits and the below-noted computer equipment costs. Bluedrop submitted that these costs were taken into account when it formulated and submitted its proposal, such that its proposed cost was from $-------- to $--------- per day less than on a similar bid in which the work would have been done in its own location.

Relocation Expenses

11. In its second submission, Bluedrop also conceded that its initial profit calculations did not take into account relocation expenses but asserted that the formulations submitted by PWGSC were greatly exaggerated. Bluedrop submitted that its standard corporate practice with respect to employee relocation expenses is to cover such costs to a maximum of $--------- per employee and that five of the six individuals proposed in its bid would have relocated to New Brunswick. According to Bluedrop, the total amount for relocation expenses would only have been $-----------, or $---------- less than PWGSC's estimate.

Equipment Acquisition Expenses

12. Bluedrop submitted that the cost of its computer equipment and software was $------------, which it planned to amortize over a period of 36 months, at $-------- per month.

Resulting Calculations

13. Bluedrop submitted that, based on the figures provided above, its claim for lost profit is as follows:

| | | |
|---|---|---|
| Gross Revenue ($------- per diem x 798 lost person-days) | | $------------ |
| Less: | | |
| Salaries/Benefits ($---------- x 12 pay cheques) | $------------- | |
| Relocation | $---------- | |
| Equipment ($-------- x 6 months) | $---------- | |
| Total Expenses | | $--------------- |
| Lost Profit | | $234,225.96 |

14. Regarding PWGSC's claim that Bluedrop had not produced adequate evidence to support its compensation claim, Bluedrop submitted that documents, such as financial statements, are only required if necessary to support a claim or to assist the Tribunal in arriving at the proper conclusion. Bluedrop submitted that, because the workers were located at the client's premises and because they had virtually no ongoing administrative requirements, financial statements would serve no value in assisting the Tribunal. Bluedrop also indicated that it would be prepared to disclose its most recent financial statements if the Tribunal believed that a review of those statements would be essential to its consideration of the matter. Regarding PWGSC's related assertion that there was a lack of documentary evidence in support of Bluedrop's submissions on lost profit, Bluedrop submitted that it had disclosed credible documents in support of its claim; for instance, the anticipated salary costs were provided by Bluedrop's Director of Operations and Human Resources. According to Bluedrop, those costs are credible and support the claims made in its submissions.

15. In addition, Bluedrop provided an affidavit sworn by its President in support of its monetary submissions because, it claimed, some of the calculations of expenses could not be supported by documents, since they were not incurred as a result of Bluedrop not being properly awarded the contract in the first instance. In response to PWGSC's assertion that the Tribunal should give no weight to the claims made in the affidavit because the President had not been cross-examined, Bluedrop submitted that PWGSC's proposition was contrary to the widely recognized principle in law that a sworn affidavit which has not been impeached on cross-examination or by credible contradictory evidence should be accepted as true.

Additional Costs

16. Bluedrop also claimed that it is entitled to compensation for the costs that it incurred in recruiting its second team of resources, once it was awarded the contract. It claimed that those costs would not have been incurred had it been awarded the contract in the first instance. The additional costs included the following: $--------- for human resources consulting services; $--------- for travel to interviews; and $---------- in management fees for negotiating the contract and hiring the new employees. With these costs, its total claim comes to $------------.

**PWGSC**

17. PWGSC submitted that compensation should be estimated based on credible evidence and that the burden of proof lies with Bluedrop to establish and prove its lost profit, not with PWGSC to disprove unsubstantiated assertions. It submitted that Bluedrop, contrary to the Tribunal's recommendation, sought compensation for lost profit for the period during which it would be the service provider and during Acron's contract period. PWGSC submitted that the Tribunal should disregard all claims relating to the period during which Acron was not the service provider.[4]

18. PWGSC submitted that "net profit" should be viewed as gross revenue less applicable costs, which is the appropriate calculation to determine lost profit in this case. It noted that the Tribunal has, in past orders, recognized the applicability of both direct and indirect costs.[5] It stated that, given the size of the contract, indirect costs, such as indirect labour costs and general and administrative costs, constitute proper and significant components of the calculation of lost profit.

Gross Revenue

19. PWGSC submitted that Acron performed work from May 16 to November 14, 2008, and supplied -------- person-days of work. It argued that, regardless of which supplier was selected, this is the appropriate level of effort that should be considered regarding compensation.

20. PWGSC further argued that, had Bluedrop been awarded the contract, its gross revenue for the part of the contract that Bluedrop in fact did not perform would have been the following:

| Person-days Worked | x | Per Diem[6] | = | Gross Revenue |
|---|---|---|---|---|
| --------- | x | $------- | = | $----------- |

Applicable costs

21. PWGSC submitted that the applicable costs can be broken down into five sub-items: salaries, fringe benefits, overhead, equipment and relocation.

4. PWGSC's comments do not reflect the amounts and arguments found in Bluedrop's December 15, 2008, submission, in which it had made some adjustments to the original amounts that it had claimed, including all profit relating to the period during which Bluedrop held the contract.
5. *Re Complaint Filed by CSI Consulting Inc.* (22 March 2006), PR-2003-070 (CITT).
6. PWGSC used the amount found in Bluedrop's initial submission on compensation dated November 27, 2008.

– Salaries

22. PWGSC noted that Bluedrop had, in its November 27, 2008, submission, identified its projected salaries for the full contract year as $------------. PWGSC therefore argued that, as Acron held the contract for six months, an amount equal to one half of the aforementioned projected salaries should be considered as Bluedrop's labour costs for the purposes of compensation. PWGSC thus submitted that Bluedrop's labour costs would have been $-------------.

– Fringe Benefits

23. PWGSC submitted that, as an employer, Bluedrop would be required to pay fringe benefits, including CPP contributions, EI premiums, Workers' Compensation and group insurance. It estimated that a reasonable aggregate percentage applied to this category would be 12.68 percent of Bluedrop's labour costs, or $------------.

– Overhead

24. PWGSC argued that Bluedrop, in an effort to inflate its lost profit, did not properly claim its overhead amounts. In essence, PWGSC argued that, in its initial calculations, Bluedrop deliberately depressed its projection regarding costs for the full contract year by excluding overhead from that projection, while inflating its stated costs for the portion of the contract year in which it will be performing the contract by including overhead in that portion, with the result that its calculated lost profit was higher than what it ought to be. PWGSC submitted that, in the order in *Re Complaint Filed by Douglas Barlett Associates Inc.*,[7] the Tribunal determined that 10 percent of sales was a reasonable measure of general overhead costs. PWGSC submitted that the Tribunal should apply the same percentage to the gross revenue figure of $-------------, resulting in overhead costs of $-------------.

– Equipment

25. PWGSC submitted that, as the winning bidder was required to provide its own information technology (IT) equipment and given the nature of the services being performed, it is not unreasonable to estimate that Bluedrop would have incurred IT equipment costs of $3,500.00 per employee, or $21,000.00.

– Relocation

26. PWGSC submitted that Bluedrop failed to take into account the relocation costs associated with its initially proposed resources who would have had to relocate to Oromocto, New Brunswick. PWGSC estimated these relocation costs at $69,795.00, which, it claimed, took into account hotel and meal costs for each resource for 30 days, as well as the expense of moving households to Oromocto.

27. PWGSC noted that Bluedrop's per diem rate was higher for the first year of the contract, which, PWGSC argued, was a result of Bluedrop's projection of the expenses that would be incurred for its IT and relocation expenses.

7. (7 January 2000), PR-98-050 (CITT).

28. PWGSC's final total for lost profit was $13,366.93, broken down as follows:

| | | |
|---|---|---|
| Gross revenue | | $------------- |
| Less: | | |
| Salaries | $------------- | |
| Fringe Benefits | $------------ | |
| Overhead | $------------ | |
| Equipment Costs | $21,000.00[8] | |
| Relocation Costs | $69,795.00 | |
| Total Costs | | $------------- |
| Lost Profit | | $13,366.93 |

## TRIBUNAL'S ANALYSIS

### Profit Formula

29. Both parties have made submissions with which the Tribunal is in agreement, i.e. that the appropriate formula for the calculation of lost profit is the subtraction of "total costs" from "gross revenue". The issue before the Tribunal, therefore, is to properly determine what costs, claims and projections should be included in which cost or revenue category.

### Length of Compensation Period

30. PWGSC has argued that the only appropriate time frame to be considered is that related to the -------- person-days that Acron performed from the date on which it was initially awarded the contract (May 16, 2008) until the date on which the contract was awarded to Bluedrop (November 17, 2008).

31. Bluedrop, on the other hand, argued that the expected contract award date of April 1, 2008, should be used as the starting point in determining the amount of work that it was unable to perform. It argued that the guaranteed 1,320 person-days form the baseline from which Bluedrop's guaranteed 522 person-days should be deducted. Therefore, according to Bluedrop, it should be compensated for the guaranteed 798 person-days that it would have worked during Acron's contract period. Bluedrop argued that it should not be punished for circumstances specific to Acron.

8. In its December 19, 2008, submission, PWGSC argued that, if the Tribunal considers it appropriate to amortize the cost of the IT equipment, it should be amortized over one year, as Bluedrop had been competing for a one-year contract. This argument essentially would reduce the amount that PWGSC initially claimed should have been applied to Acron's six-month contract (i.e. $10,500.00 compared to $21,000.00) and would increase PWGSC's calculated amount of lost profit to $23,866.93 ($13,366.93 + $10,500.00).

32. The Tribunal notes that Annex “B” of the RFP contained the following regarding the number of “guaranteed days” during the first year of the contract:

> . . .
>
> **For the initial period from 01 April 2008 or the date of contract award to 31 March 2009;**
>
> 1) Labour at the following, al1 inclusive, firm rates
>
> | | |
> |---|---|
> | a) $ _______ per day for a guaranteed 1320 days* | $__________ |
> | b) $_______ per day (Monday to Friday) for an estimated 10 days to be supplied only as and when requested | $__________ |
> | c) $_______ per day (Saturday and Sunday) for an estimated 10 days to be supplied only as and when requested | $__________ |
> | *TOTAL ESTIMATED COST 08/09 (a+b+c)*** | $__________ |
>
> . . .
>
> ** The guaranteed days are based on an estimated contract award date of 01 April 2008. **The proposed guaranteed days will be adjusted accordingly, should the contract award date be later than 01 April 2008**.
>
> . . .
>
> (Bold added for emphasis)

33. The Tribunal does not agree with PWGSC’s submission that the appropriate number of person-days to be considered is the actual number of person-days during which Acron performed the contract, that is, --------- person-days. The Tribunal finds that Annex “B” of the RFP contemplated a monthly workload of 110 guaranteed person-days (i.e. 1,320 person-days divided by 12 months). While subject to being negotiated away by a successful bidder or reduced through any other means contractually available to the parties, that guarantee ought to be the opening position in any consideration of the quantum of time upon which the successful bidder would have been entitled to rely. Thus, the actual number of person-days during which Acron performed the contract is a figure highly specific to the circumstances of the contract that, at the time, subsisted between Acron and PWGSC.

34. Further, while, in this instance, the guarantee of 1,320 person-days is the opening position in a consideration of the quantum of time upon which Bluedrop is entitled to rely, the Tribunal notes that evidence exists that PWGSC revised its number of required person-days downwards, to 1,000 person-days, in relation to the performance of its contract by Acron. Despite this revision, the Tribunal further notes that the actual number of person-days during which Acron performed the contract, if added to the number of person-days during which Bluedrop will be performing the contract, results in a figure higher than the revised figure, but lower than initially guaranteed in Annex “B” of the RFP. Thus, rather than speculate on reasons, the Tribunal finds it sufficient to surmise that PWGSC required at least 1,000 person-days and no more than 1,320 person-days for the contract year. An appropriate guide in support of this inference is the actual period from the beginning of Acron’s contract to the end of Bluedrop’s contract, i.e. from May 16, 2008, to March 31, 2009, which spans 10 1/2 months, or an expected 1,155 person-days (i.e. 110 person-days per month times 10 1/2 months). Accordingly, the Tribunal finds that Bluedrop should be entitled to lost profit based on the projected guaranteed person-days during the only available full contract period, or 1,155 person-days. As Bluedrop anticipates that it will work 522 person-days during its contract (November 17, 2008, to March 31, 2009), the Tribunal considers that Bluedrop should be compensated for the profit that it lost for the 633 guaranteed person-days that it missed when the contract was improperly awarded to Acron (May 16 to November 17, 2008).

35. In keeping with its determination, the Tribunal will not consider costs or expenses claimed for work that would not have been directly related to the performance of the contract from the date of its award to Acron to the date of its award to Bluedrop. The Tribunal will therefore not consider Bluedrop's claim of $---------- in relation to the hiring of the new employees.

**Gross Revenue**

36. As per the above determination regarding the length of time to be considered, the Tribunal shall multiply 633 person-days by a per diem rate to establish the gross revenue that Bluedrop would have earned had it been awarded the contract on May 16, 2008.

37. After considering the submissions of both parties, the Tribunal finds that the appropriate per diem rate is the rate that Bluedrop used as a foundation for its bid in relation to guaranteed person-days, i.e. $--------. The Tribunal therefore determines the gross revenue, for the purposes of determining Bluedrop's lost profit, to be $------------- ($--------- multiplied by 633 person-days).

**Total Costs**

38. The Tribunal considers that the following four elements must be examined to determine the total costs to be deducted from the gross revenue listed above: (1) salaries and benefits; (2) overhead; (3) equipment costs and (4) relocation costs:

(1) Salaries and benefits—The Tribunal will accept Bluedrop's submission regarding the salaries and benefits that it would have paid had it been awarded the contract, i.e. $-------------.

(2) Overhead— The Tribunal agrees with Bluedrop's position that, given the nature of the contract in question (services entirely performed at an off-site location), it would not incur overhead costs on par with some of the Tribunal's previous determinations. However, the Tribunal finds it difficult to understand how Bluedrop would have avoided all overhead costs solely as a result of the fact that the work was being performed at CFB Gagetown. The Tribunal believes that, as Bluedrop employees are not government employees, there would have been supervision by individuals other than DND personnel, i.e. Bluedrop would have exerted some degree of management control over its employees. In addition, and at the very least, Bluedrop would have incurred some expenses through keeping track of the number of person-days worked by its employees, sending invoices to PWGSC for payment, and so on. These expenses would have been incurred throughout the period during which Acron held the contract. The Tribunal will, given the circumstances of this particular contract, consider that 5 percent of gross revenue, or $-------------, is the appropriate amount for overhead.

(3) Equipment Costs— The Tribunal agrees with the assertion contained in PWGSC's final submission of December 19, 2008, specifically that these costs should be amortized over the first year of the contract only, since it is the only period upon which a successful bidder can rely in making equipment acquisition decisions. However, in keeping with the base unit upon which the parties relied regarding the determination of the length of the contract, i.e. guaranteed *person-days*, the Tribunal believes that the costs should be amortized over 1,155 person-days. Bluedrop submitted evidence that it spent $------------ on IT equipment for its resources. Accordingly, the Tribunal will divide this expense by 1,155 person-days to arrive at a per diem rate of $--------. The Tribunal will multiply this per diem rate by the 633 person-days during which Bluedrop should have been performing the work to arrive at an equipment cost in the amount of $-------------.

(4) Relocation expenses— The Tribunal notes that Bluedrop included evidence that it only pays up to $----------- per resource for moving expenses. The Tribunal therefore considers that five of the resources would have incurred such an expense and that, as was done to calculate equipment costs, these costs should be prorated to only take into account that portion of the expense that corresponds to the period during which Bluedrop should have been performing the work (i.e. 633 person-days out of 1,155 person-days). Accordingly, the Tribunal considers $----------- to be the appropriate portion of relocation expenses that would have been incurred by Bluedrop.

These expenses, when totalled, equal $-------------.

Lost Profit Calculation

39. In light of the above, the Tribunal considers that $------------- less $-------------, or $130,324.69, reasonably represents the amount of profit that Bluedrop would have earned if it had been awarded the contract on May 16, 2008.

## CONCLUSION

40. The Tribunal hereby recommends that PWGSC compensate Bluedrop in the amount of $130,324.69 for the profit that it would have earned from the date of the contract award to Acron to the date of the subsequent award to Bluedrop.

Pasquale Michaele Saroli
Pasquale Michaele Saroli
Presiding Member