



CITT Awards \$208,270 to Losing Proponent

In late 2006, we reported on the dispute between Envoy Relocation Services and the Department of Public Works and Government Services Canada (PWGSC) over the government's mismanagement of a \$400 million moving contract for Canadian services personnel. In a report made public at the end of November 2006, the Auditor-General slammed PWGSC for bungling what was, in fact, the second run at the contract.

Following the original procurement, PWGSC had been forced to cancel the first contract after it came to light that some government bureaucrats involved with the procurement process had accepted golf games and travel from the winning company, Royal LePage Relocation Services.

Envoy Relocation Services Inc., one of the proponents, had also filed a complaint with the CITT over that first procurement, arguing that PWGSC had improperly deducted points from it during the evaluation process. The CITT upheld Envoy's complaint in that issue.

In the second procurement, PWGSC again awarded the contract to Royal LePage, even though Envoy, the runner-up, underbid Royal LePage by \$9 million. PWGSC maintained that Envoy's proposed solutions in some areas were 'weaker' than Royal LePage's.

Envoy took on the government again for what it argued was an unfair procurement process that was skewed in favour of Royal LePage.

In April 2006, in **PR-2004-054R, A Complaint by Envoy Relocation Services**, the CITT recommended that PWGSC compensate Envoy for half of the costs it had reasonably incurred in preparing its proposals for the second solicitation.

PWGSC challenged that CITT decision, via the Federal Court of Appeal, but the Court dismissed the judicial review application in May 2007. The case was then remanded to the CITT.

In October 2007, based on its *Procurement Cost Guidelines (November 1999)*, the CITT awarded Envoy \$207,769.31. This represented half of Envoy's allowable proposal-preparation costs.

The CITT also awarded Envoy \$500 for the costs it had incurred in relation to the remand of the Tribunal's original recommendation.

All of the awarded costs were to be paid by PWGSC.

Editor's Note: The CITT *Guidelines* (www.citt-tcce.gc.ca/publicat/costgu_e.asp) are interesting reading for both public- and private-sector contract managers. The *Guidelines* are detailed and very specific about the recovery of proposal expenses. They are also clear that, among other things, profit and interest on investments may not be included in a claim, and the allowable proposal-preparation period is limited to the time from when the solicitation documents are made available to when a proposal is submitted (or the closing date). Finally, the *Guidelines* provide a list of what the CITT considers to be non-recoverable costs.

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