

GAO Highlights

Highlights of [GAO-23-106035](#), a report to congressional committees

Why GAO Did This Study

DOD spends billions of dollars on construction projects on military installations in the United States. Construction ranges from larger projects, such as building barracks or a new airplane runway, to small projects, such as minor maintenance, or road repairs.

Congress included a provision in statute for GAO to review contracting approaches used to maintain and upgrade military installations within the United States and the proximity of a contractor's primary business location to the military installation where the work is to be performed (e.g., work site), among other things. GAO examined the extent to which (1) prime contractors and subcontractors are based within 60 miles from where the work is performed—which for the purposes of this report GAO defined as "local"; and (2) contractor location was considered when awarding selected contracts.

GAO selected a sample of seven installations representing the three military departments and calculated the distance between the primary business location of the prime contractor to the construction projects at those installations in fiscal years 2020 and 2021. GAO also selected a nongeneralizable sample of 28 contracts for more in-depth review, to represent a mix of small and other than small businesses, and contract values. GAO reviewed contract file documents and interviewed contracting officers, project managers, and contractors.

View [GAO-23-106035](#). For more information, contact Marie A. Mak at 202-512-4841 or makm@gao.gov.

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DOD CONSTRUCTION CONTRACTS

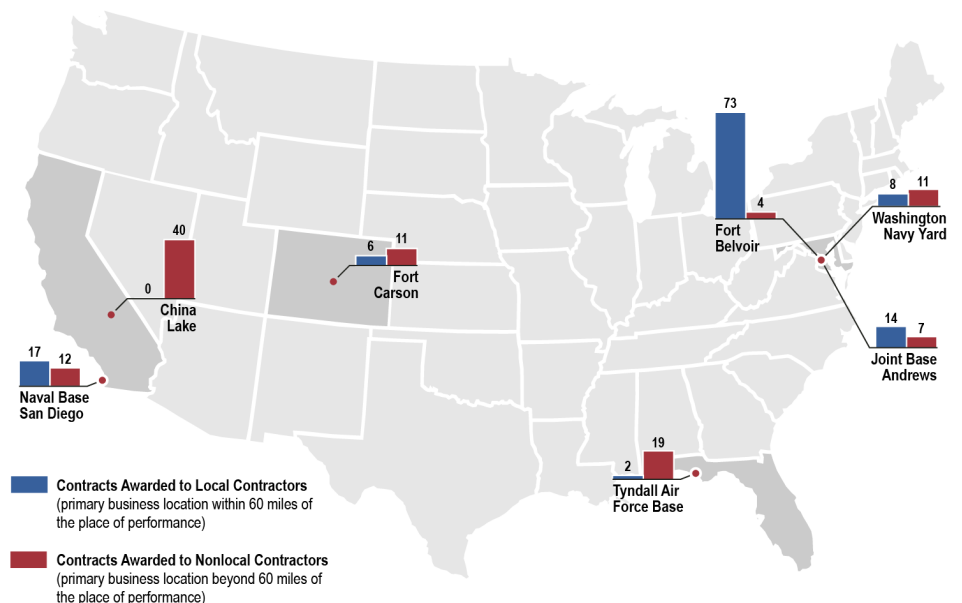
Contractor Proximity to Work Sites Varied

What GAO Found

A variety of construction projects and maintenance and repair projects help the Department of Defense (DOD) support normal functions and maintain military readiness by ensuring that DOD facilities are updated and that runways, roads, and utility structures are maintained. Depending on the circumstances, federal statutes and regulations require DOD to consider various factors when awarding these contracts, such as promoting competition and small businesses. In general, DOD is not required to consider the business location of construction contractors or subcontractors when making contract awards.

For the seven selected military installations in this review, GAO found that the proximity of the contractors' primary business locations to the work sites varied. Just over half of the prime contractors for the 224 construction contracts at those installations were located within 60 miles of where the work was performed. The use of local contractors was driven, in part, by whether the installation was in a remote location and the overall demand for construction contractors within the area.

Prime Contractors within and beyond 60 Miles of the Work Site for the Seven Selected Military Installations



Source: GAO analysis of Federal Procurement Data System data and Department of Defense data. | GAO-23-106035

GAO found that DOD did not consider contractor location in the award process for nearly all of the 28 construction contracts that GAO reviewed. Contracting officers stated that the distance between a contractor's primary business location and the work site is generally not relevant to the contractor's ability to complete quality work.