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The Special Counsel

September 28, 2011

The President
The White House
Washington, D.C. 20500

Re: OSC File No. DI-10-0812

Dear Mr. President:

Pursuant to 5 U.S.C. § 1213(e)(3), enclosed please find an agency report based on disclosures made by a whistleblower at the Department of the Army (Army), Sierra Army Depot (SIAD), Herlong, California. Angela Schultz, who consented to the release of her name, was a former Housing Manager at the Sierra Army Depot. Ms. Schultz disclosed that service orders necessary to maintain base housing in good repair and in conformance with Army Regulation (AR) 420-1 were not being executed, or if executed, that they were not being performed in a timely manner. She asserted that the actions of Walt Zinko, Base Support/Public Works MEO Program Manager, and other SIAD employees constituted violations of law, rule, or regulation, gross mismanagement, and an abuse of authority.

Ms. Schultz' allegations were referred to the Honorable John M. McHugh, Secretary, Army, to conduct an investigation pursuant to 5 U.S.C. § 1213(c) and (d). The Secretary delegated the investigation of the matter to the Commander, U.S. Army Materiel Command, which tasked the U.S. Army Tank-automotive and Armaments Command (TACOM) Life Cycle Management Command (LCMC) with conducting the investigation. On May 7, 2010, Kurt J. Stein, Commander, TACOM LCMC appointed an investigating officer pursuant to AR 15-6. On April 22, 2011, the Secretary submitted the agency's report to this office. Ms. Schultz provided comments on the report pursuant to 5 U.S.C. § 1213(e)(1). As required by law, 5 U.S.C. § 1213(e)(3), OSC is now transmitting the report and Ms. Schultz' comments to you.

Ms. Schultz' allegations were substantiated in part. In its report, the LCMC emphasized the importance of evaluating the allegations in the context of the housing situation at the SIAD. In particular, the "geographic remoteness of SIAD, the fact that SIAD base housing was established to support the military presence required to execute post World War II assigned missions for storage and demilitarization of ammunition, and the challenges associated with maintaining the remnants of the base housing strained SIAD's ability to maintain its base housing at the appropriate levels." In light of these factors and the results of the investigation, LCMC concluded that SIAD employees failed to follow the requisites of Army Regulation 420-1. This regulation provides policies, procedures, and responsibilities for the management and operation of the Army's permanent party housing programs. Specifically, service orders

necessary to maintain base housing in good repair and in conformance with AR 420-1 were either cancelled or, if executed, were not completed in a timely manner.

In addition, the agency did not substantiate Ms. Schultz' claim that Mr. Zinko improperly cancelled over 100 of the service orders submitted by residents. It was found that although he did cancel service orders, the cancellations were completed in compliance with regulations. However, the investigation found that Ms. Schultz contributed to the housing problems. LCMC did not substantiate the claim that Mr. Zinko only allowed his employees to perform service orders on an overtime basis. Rather, according to the investigation, the large workload necessitated that some employees work after hours in order to complete certain tasks. Although the investigation found that AR 420-1 was violated, the agency did not conclude that there was gross mismanagement or an abuse of authority.

As a result of these determinations, the Most Efficient Organization (MEO¹), which won the contract for managing the SIAD Housing, has conducted internal classes that address the individual and divisional responsibilities pertaining to the housing contract. Divisional leaders and members of their respective organizations participated in Annex Requirement Reviews that outline various contractual responsibilities as they pertain to AR 420-1. The MEO will also provide 24-hour coverage for emergency service orders. It has provided call lists to the police department, which include the contact information for tradesmen who are on-call for emergencies. Furthermore, the housing manager has been authorized to make any and all immediate emergency repairs, and has been provided with a government purchase card in order to pay for parts and services on an "as needed" basis. In addition, the MEO will not cancel any open service orders at the end of the fiscal year unless they are duplicates or deemed completed. The MEO provides weekly updates to the Continuing Government Organization, an oversight body for the Army, regarding the number of housing service orders received and completed during the previous week. It also outlines the age of the service order per AR 420-1 guidelines.

In her comments, Ms. Schultz conveyed her concern about the investigation findings. She asserted her belief that the investigation should have been focused on addressing the allegations at issue, rather than on discrediting her work experience and contributions at SIAD.

I have reviewed the original disclosure, the agency's report and Ms. Schultz' comments. Based on that review, I have determined that the agency's report contains all of the information required by statute, and the findings appear to be reasonable.

As required by 5 U.S.C. § 1213(e)(3), I have sent copies of the agency's report and Ms. Schultz' comments to the Chairmen and Ranking Members of the Senate and House Armed Services Committees. I have also filed copies of the redacted report and Ms. Schultz' comments

¹ The MEO was formed in November 2008, when SIAD became the target of an inquiry to determine whether, in the interest of efficiency and cost savings, the base support operations should be performed "in-house" or "contracted out." As part of the study, the government's in-house base operations employees developed a Most Efficient Organization to compete against private industry bids to perform the base support operations. MEO prevailed and the program became operational on April 12, 2009.

in our public file, which is now available online at www.osc.gov. The redacted report identifies the subjects of the investigation, Army employees, and witnesses, by title only and contains certain language substituted to maintain the confidentiality of the parties involved.² OSC has now closed this file.

Respectfully,



Carolyn N. Lerner
Special Counsel

Enclosures

² The Army provided OSC with a redacted report that substituted titles for the names of Army employees and witnesses referenced therein. The Army cited the Privacy Act of 1974 (Privacy Act) (5 U.S.C. § 552a) as the basis for these revisions to the report produced in response to 5 U.S.C. § 1213. OSC objects to the Army's use of the Privacy Act to remove the names of these individuals, especially the names of those who are subjects of the investigation, on the basis that the application of the Privacy Act in this manner is overly broad.