

2016-18 Executive Progress Report

Commonwealth of Virginia
Secretary of Natural Resources
Department of Historic Resources

At A Glance

The Department of Historic Resources (DHR) encourages and supports the stewardship and use of Virginia's significant architectural, archaeological, and historic resources as valuable assets for the economic, educational, social, and cultural benefit of citizens and communities.

Staffing 42 Salaried Employees, 11 Contracted Employees, 45 Authorized, and 6 Wage Employees.

Financials Budget FY 2017, \$6.60 million, 63.46% from the General Fund.

Trends Legend ↑ Increase, ↓ Decrease, → Steady

Key Perf Areas → Historic rehabilitation projects
↑ Identify historic properties
→ Easement inspection rate

Productivity Legend ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

Established as the Virginia Landmarks Commission in 1966, the Department of Historic Resources (DHR) helps citizens, state and federal agencies, and communities to reach their respective economic, education, and historic preservation goals and promotes the use of historic resources to build a better future for the Commonwealth of Virginia--supporting conservation and historic preservation goals, tourism and economic development, emergency and climate change preparedness, and education. DHR is a small agency with a large and complex mission and programs with high expectations for performance both internally and externally and a strong commitment to citizen access. Its organization and services have evolved over the decades fulfilling both state and federal mandates as Virginia's State Historic Preservation Office (SHPO).

Major Products and Services

Agency products and services are a closely interwoven and inter-dependent set of tools used to identify, evaluate, protect and recognize historic resources. Other programs guide and support a wide variety of stakeholders as they ensure that Virginia's rich history continues to play a role in building an economically and environmentally strong future for the Commonwealth, its citizens, and its communities. The agency's mission-critical services include:

- Surveys to identify and share information on a growing inventory of more than 225,000 historic buildings, sites, districts, objects and structures
- State and National registers of historic places, the Historical Highway Markers Program which recognize historic places and educate the public about their significance.
- An archive available to the public for purposes of research, and an online cultural resource inventory providing mapping and geographic information about individual properties, sites, and historic districts, and evaluative information about their significance.
- Review of proposed historic rehabilitation projects and technical assistance to property owners to ensure the work conducted meets the program requirements in order to qualify for tax credits. Potential changes to the state and federal tax credit programs may impact the volume of new tax credit applications; staffing changes within the National Park Service office that administers the federal program may also affect how applications are processed. DHR's aging IT infrastructure may significantly affect the ability to collect, analyze, and distribute data on the

program and projects; accessibility and accuracy of this data is critical to providing the Executive Branch agencies, General Assembly, and public with information on the program.

- Protection of historically significant properties (including buildings, structures, archaeological sites, battlefields, and cultural landscapes) through perpetual historic preservation and conservation easements, and partnership with owners in the stewardship of such properties to ensure compliance with easement and appropriate treatment of historic resources. If state and/or federal grant funding increases, DHR would be challenged to meet higher demand for new easements that are required as a condition of the grant with current staffing levels. DHR's ability to execute new easements would also be impacted if staffing levels at the Office of the Attorney General are reduced. So too, DHR's stewardship and monitoring responsibilities increases as the portfolio of protected properties expands each year.
- Environmental review of major state and federally funded, permitted, or licensed projects that may affect significant historic resources. The Federal administration's \$1 trillion infrastructure plan may result in an exponential increase in the number of projects reviewed by DHR as proposed projects spawn further development. Highly controversial public utility projects, including gas pipelines and electric transmission lines, dramatically expand the demands on review staff. Such projects significantly increase the volume of cultural resource studies that must be professionally reviewed, generate high public interest resulting in a rise of general inquiries and information requests under the Freedom of Information Act, and require DHR to take a leadership role in complex mitigation plans developed to address historic resource impacts. Rising costs and imminent termination of support for DHR's digital project review system, ePIX, threaten the viability of this critical application, as detailed in the Information Technology section below.
- Technical assistance to localities in the review of projects subject to local ordinances and other projects that may affect significant historic resources.
- Grants to preserve historically significant battlefield lands and the graves of Confederate and Revolutionary War soldiers and those of certain African Americans. If the current 1 million dollars allocated by the General Assembly to the Virginia Battlefields Preservation Fund (VBPF) continues at level funding or increases, more applicants for funding from various organizations devoted to battlefield preservation will increase and more preservation easements will be required, impacting DHR's Easement Program staff and the DHR's management of the VBPF. Funding for maintenance of Confederate and Revolutionary War soldiers' graves as well as new funding for African American cemeteries may also be expected to increase, affecting current staff workloads to manage those programs.
- A federally mandated program to certify and provide grants to local government preservation programs. Each year the federal government provides DHR with funding for preservation, development, and planning projects to be awarded competitively to Virginia's 35 Certified Local Governments (CLGs). Qualified local governments continue to apply for CLG status each year and, if successful, will expect to compete for CLG funding that may deplete the CLG funding sooner and result in fewer projects awarded statewide.
- Archaeological field research to document sites, especially those that are threatened with destruction, and to bring the lessons learned from those sites to the public through research reports, public lectures, exhibits, partnerships, and through diligent management and stewardship of the state's collection of several million artifacts.
- Emergency response guidance and assistance to property owners, localities, the Federal Emergency Management Agency, and the Virginia Department of Emergency Management when historic places are impacted.
- Education and technical assistance to help public and private property owners understand and preserve historic places in a 21st century world.

Customers

Customer Summary

The Department of Historic Resources' (DHR) customer base includes individuals, state and federal agencies, local governments, businesses and organizations that own or otherwise benefit from historic resources. Stakeholders deal directly with DHR to register their historic homes and commercial buildings and seek guidance and incentives to rehabilitate buildings, to conduct research on Virginia history, to support informed private and public decision-making, and to use historic places to educate students. They also include the travelers and citizens who experience the economic, cultural, and quality-of-life benefits of tourist attractions and of livable historic communities. Demand for and reliance on DHR services from one customer group to another varies greatly depending on the nature of the service (e.g. educational materials vs technical assistance for rehabilitation and economic revitalization) and on changing economic situations of the customers/industry served (e.g. an economic downturn in the construction industry results in proportionally more applicants who are not familiar with historic rehabilitation and who need more guidance to ensure an appropriate outcome). The agency expects to see a steady increase in the number organizations applying for funding to purchase and preserve battlefield lands and for funding approved by the General Assembly to request grant funds to care for historical African American cemeteries. Increasingly, customers expect electronic access to DHR programs, services, and data.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Consumer	General public and tourist	500,000	8,300,000	Stable
Higher Education Institutions	Scholars and researchers	300	2,000	Stable
Local or Regional Government Authorities	Local governments	45	300	Increase
Minority	Native American tribes and other Native American groups	11	11	Stable
Non-Profit Agency (Boards/Foundations),	Historic attractions and museums	60	700	Stable
Non-Profit Agency (Boards/Foundations),	Non-profit organizations that purchase, conserve, and manage Civil War battlefield lands and easemen	7	10	Stable
Organization	Memorial associations and other organizations caring for the graves of Confederate and Revolutionary War Veterans	250	350	Increase
Organization	Preservation organizations and professionals	100	600	Stable
Property Owner	Owners of historic properties	1,000	100,000	Increase
State Agency(s),	State Agencies that own or impact historic resources	50	80	Increase
Student	Students, teachers, and educational institutions	2,000	1,000,000	Stable
Federal Agency	Federal Agencies	80	200	Increase

Finance and Performance Management

Finance

Financial Summary

The Department of Historic Resources' (DHR) programs are supported by a variety of funding sources including the general fund, federal appropriation and grants, fees for participation in the historic rehabilitation tax credit program and for conducting archives research, curatorial fees, and the Commonwealth Transportation Fund. Other sources include sales and royalties from publications and occasional private gifts and donations.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
0100	General Fund	\$4,188,261	\$4,431,398
0200	Special	\$690,659	\$690,659
0280	Appropriated Indirect Cost Recoveries	\$45,500	\$45,500
0410	Highway Maintenance And Operating Fund	\$109,835	\$109,835
1000	Federal Trust	\$1,565,703	\$1,565,926

Revenue Summary

Revenue is generated through the fees charged for review of state rehabilitation tax credit applications. The fees are paid by all applicants, and are based on the estimated project cost (Part 2 application: Description of Rehabilitation) and the actual project costs (Part 3 application: Request for Certification of Completed Work). These application fees are paid for review of the proposed project by DHR tax credit staff, which returns comments on the scope of work or completed project. These fees support the administration of the tax credit program and the staff resources and expertise necessary to review the projects and provide guidance to applicants on appropriate preservation treatment. In 2016 the fees were revised and increased to be more equitable across projects and to provide adequate funding for the tax credit program, which was intended to be financially self-sufficient.

Each year DHR applies for and administers a Historic Preservation Fund grant received from the National Park Service, the amount of which is based on a complex funding formula. In addition, DHR frequently receives special federal grants, most frequently though not exclusively from

the National Park Service. Applying for, administering and reporting on these federal grants is very time-consuming and involves multiple staff. In addition to the revenue described above, a very modest amount of revenue is also generated from the sales and royalties of publications as well as private gifts and donations.

The private sector, state and federal agencies, and planning departments provide revenue by licensing access to the Virginia Cultural Resource Information System. These fees provide the bulk of the revenue needed on an annual basis to host, maintain and develop the software and the data it collects. Fees earned by VCRIS can be expected to grow depending on the amount of economic development activity ongoing in the Commonwealth as the information service provided by VCRIS informs decisions essential to project design and execution in the areas of transportation, construction, energy transmission, and communications. On a much less substantial basis, the Archives area of the Agency collects user fees for services provided to researchers from both the public and private sector. As additional volumes of data are digitized by the Archive and made accessible online, the potential for tapping into additional revenue sources is expected to grow providing that Commonwealth security requirements permit the Agency to employ in e-commerce revenue collection methods (currently the Agency can only collect fees paid by cash or check).

Performance

Performance Highlights

As the State Historic Preservation Office for the Commonwealth, this agency serves as the primary coordinating agency for historic preservation in Virginia. DHR administers a complex menu of interrelated state and federal programs managed by a highly qualified staff that must meet prescribed professional qualifications.

Evaluating and documenting the historical significance of resources is paramount for ensuring the protections mandated for their preservation by state and federal law. It is also essential for determining eligibility for access to state and federal grants and other financial incentives designed to benefit preservation and economic development. Prior to making such determinations, historic properties must be surveyed and data must be reviewed, inventoried and stewarded so that management decisions can be made relative to them. In this regard the Agency has invested in the development, maintenance and enhancement of a data inventory system known as the Virginia Cultural Resource Information System (VCRIS), which is widely acknowledged as one of the most advanced in the nation. VCRIS serves an audience primarily composed of private sector cultural resource management professionals who are contracted by federal, state and private sector entities to assess impacts to them from construction and other forms of economic development activity and ensure that mitigation balanced in the best interest of the public, the economy and historic resources takes place. Similarly, the Agency invests in professional staff who employ established criteria in order to make evaluations of historic significance about properties as part of that process. During state fiscal year 2016, the Agency added records for 6,210 historic properties to VCRIS, evaluated 3,947 properties for eligibility for listing in the Virginia Landmarks Register and the National Register of Historic Places, and ultimately listed 43 historic properties in them – a process that typically takes nine months or more to achieve. At present, VCRIS contains records on 242,598 historic resources.

The Agency also administers, in partnership with VDOT, the Historical Highway Markers program. As the nation's first program of its type, which will be 90 years old in 2017, DHR is committed to maintaining the iconic role the program has played in presenting Virginia's history to travelers along the Commonwealth's byways. To-date, more than 2,600 markers have been placed on Virginia's roads. The challenge is to maintain them, place them in safe locations, and as new information is known, update them so that they remain relevant to current and future generations. DHR's portion of the program is managed by a single FTE who has very specific expertise in Virginia history, with volunteer assistance from an editorial committee composed of experts in Virginia history and the Board of Historic Resources which ultimately approves marker topics for addition to the program. In order to make the rich content of the program applicable to students of all ages, as well as to tourists, DHR has utilized markers to develop itineraries (in print form) that complement the education, tourism and economic development goals of other State agencies. The next opportunity is to adapt the markers' content to a digital delivery format, which will increase access to the program content. Funding to develop a pilot program has been obtained by the Agency and is currently in development. Investment in the program is reliant upon private sponsorship of new markers which covers the cost to have them produced. The commonwealth has not directly funded the program since the 1970s, however VDOT has recently been able to fund a program to methodically review the existing condition of markers so that DHR can make recommendations to the Board of Historic Resources about retiring or replacing damaged or deficient markers. Replacement, when it occurs, requires that marker texts be re-evaluated for accuracy and updated to incorporate the results of new scholarship.

Just as historic places provide the foundation for Virginia's \$21.5 billion tourism industry and the nearly \$4 million film industry, adaptive reuse of historic buildings using rehabilitation tax incentives has proven to be the single most effective tool in successful urban revitalization. A 2014 report on the economic benefits of historic preservation by Virginia Commonwealth University documents the long-term economic impact and performance of one of the Department of Historic Resources' most critical program services—technical assistance and certification of private historic rehabilitation projects that qualify for state and/or federal tax credits. As noted in a press release from Preservation Virginia, "During the 17-year period [covered by the study], nearly \$1 billion in tax credits leveraged almost \$3 billion in private investment, resulting in the rehabilitation of 2,375 buildings—ranging from warehouses, hotels, theaters and even part of a prison complex to private residences. Expenses of \$3.97 billion for these rehabilitation projects serves as a catalyst on sectors of the economy to stimulate an additional estimated \$3.9 billion in activity, adding to the state's overall economic well being, according to the study"—producing reliable investments even through the Great Recession of 2007-2009. Annual performance for the Department of Historic Resources is summarized in the bullets and table below. As of January 2017, those figures had grown to more than \$4.6 billion in private investment.

Highlighted outcomes of other agency programs and services include:

- During state fiscal year 2016, DHR worked with developers to bring 179 rehabilitation projects to successful completion for a total of \$358

million in private investment.

- DHR archives served 4,861 researchers either on site or through its research services.
- Sponsored or cosponsored training and educational activities reached 18,409 adults and students through workshops, field schools, lectures, and other educational activities ranging from Archaeological Resource Kits used in school classrooms to major conferences and training in cemetery preservation and state and federal review processes.
- Exhibits using Department archaeological artifacts around the state reached an audience totaling approximately 635,483 people of all ages.
- In fiscal year 2016, eight properties were protected by historic preservation easements, bringing the total number of properties protected to 600; staff visited more than 30% of the total easement properties to ensure compliance with existing easements.
- The review of state and Federal projects is a major part of DHR’s mandated role as the State Historic Preservation Office. During state fiscal year 2016, DHR responded to 4,456 review requests, which represents an approximately 7% increase over the two previous fiscal years, yet maintained a response rate of 95% within the mandated 30 days. DHR recently filed the 2017 *Biennial Report on the State Stewardship of Historic Properties* which identifies preservation priorities for state-owned resources and highlights preservation successes reached through public-private partnerships. The *Biennial Report* also features a section of sea-level rise and the imminent threat to state-owned historic properties. DHR continues to collaborate with state agencies to develop preservation measures for historic properties under state control.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
42300000.002.001	Number of projects that rehabilitate and reuse historic buildings as certified to meet the criteria for tax credits	Historic rehabilitation projects	Maintaining
42350205.001.004	Number of historic properties newly identified and recorded or for which new data is added to the statewide inventory.	Identify historic properties	Improving
423.0005	Completion rate for survey and planning projects conducted in partnership with local governments		Improving
42350205.002.006	Percentage of properties under easement monitored for consistency with easement provisions	Easement inspection rate	Maintaining
423.0006	Percentage of historic properties newly identified or revisited on the statewide inventory that are within defined climate change impact areas		Improving
42350205.002.004	Percentage of agency responses that comply with the 30-day federal response requirement for state, federal, and local project review	Completion w/in 30 day rate	Maintaining

Key Risk Factors

1. Changing Demographic Pressures on Historic Resources: There are several population and related trends that strongly impact historic assets in communities throughout Virginia.

A. A movement out of suburbs and back into city cores provides both an opportunity to rehabilitate urban residential neighborhoods and adaptively reuse older commercial and industrial buildings (as has been done with great success in Richmond, Roanoke and Arlington for example), but can also pose threat if less visionary development leads to large-scale demolition of historic assets.

B. Growing transportation and energy needs put pressure on historic communities, landscapes, battlefields, and archaeological sites with new roads, widening of existing roads, and the construction of major power lines to support a growing digital economy. Such large projects often need detailed studies and must balance competing social and economic priorities. Impacts to historic resources are best considered early in the planning process to avoid or minimize unexpected consequences and potentially damaging conflict.

C. Deterioration of rural and agricultural resources when people and industry move away from communities (particularly in Southside and Southwest Virginia) can be nearly as damaging to historic places as rapid development—including the trend of clearing land for industrial parks in the hopes that someone will come to the region to use those cleared areas in the future.

2. Climate Change/Rising Sea Level/Catastrophic Storm Surges: From prehistoric and colonial archaeological sites to Historic Jamestowne, Tangier Island, and Fort Monroe, virtually all historic resources in Virginia’s Atlantic and Chesapeake coastal areas are extremely vulnerable to changing weather patterns and rising waters. Regardless of the causes, increased flooding, changing shorelines, and potential loss of historic fabric in hundreds of coastal communities are realities that need careful and meaningful study, preparation and response. Based on data from the National Oceanic and Atmospheric Administration and DHR’s Archives, the overall number of state-owned historic resources that are threatened from sea-level rise is 547, including 237 archaeological resources and 310 architectural resources of which 24 are currently listed in the VLR. Recent

surveys of the Chesapeake Bay and Atlantic shorelines have indicated devastating losses and continued threats to both archaeological and architectural historic resources. With a knowledge of known sites coupled a threat analysis, a comprehensive action plan needs to be developed to recover data before it is lost forever.

3. Revenues: The future of federal funds is unclear and has been flat at best for more than a decade. Special fund revenues have been steadily declining across the board.

4. IT Costs and Demands: While the agency's greatest IT risk was once the rising cost of basic services, the larger issues are now the need to expand the agency IT portfolio and the ongoing costs of electronic storage space. Having completed overhauling the agency's online historic resources inventory (VCRIS) and developing the nation's first on-line project review/data-sharing system (ePIX), the agency needs both to maintain and continue to enhance these systems amid rising costs. Further, new systems need to be developed to integrate related program records and management. Paper records on more than 600 easements, hundreds of rehabilitation projects, and thousands of publically-funded or licensed projects, and over 242,000 historic places need to be digitized. As DHR's digital data store increases, so does the ongoing cost of storage.

5. Workforce Capacity and Continuity: Primary factors affecting the work force are the high volume of demand and complexity of the work, the changing nature of historic preservation services, and the market competition from other agencies and the private sector. In addition, 19% of the agency staff are eligible for retirement beginning in this biennium and into the next.

Agency Statistics

Statistics Summary

Virginia has long been nationally recognized for having both an abundance of nationally important historic places and one of the leading historic preservation programs in the nation. The cultural and economic value of Virginia's historic assets has been confirmed in study after study. Similarly, programs and services of the Department of Historic Resources (DHR) touch virtually every state and federal agency and every community across the Commonwealth. The following statistics illustrate the breadth of services provided by DHR and are based on both state and federal fiscal year 2016 data:

- Economic impact of the state and federal historic rehabilitation tax credits (since 1997; Virginia Commonwealth University study) – \$3.9 billion
- National ranking for rehabilitation plans approved (National Park Service; federal fiscal year 2016)-- 2
- National ranking for listing historic properties (buildings, sites, districts) in the National Register of Historic Places (National Park Service; federal fiscal year 2013)-- 3
- Total number of historic preservation easements – 600 as of the end of fiscal year 2016
- Total number of acres preserved through historic preservation easements) – approximately 39,300 acres
- Total number of Civil War battlefield acres preserved by Civil War Historic Sites Preservation Fund (2006-2017) –9,903
- Number of requests received and handled to review and advise on state or federal projects (2016) – 4,456

Statistics Table

Description Value

Management Discussion

General Information About Ongoing Status of Agency

DHR will continue to conduct studies and projects that support both preparedness for and responses to rising sea level and extreme weather conditions associated with ongoing climate change. In addition, in response to Executive Order 64, staff will continue to encourage good stewardship of state-owned historic resources DHR is directly by law (10.1-2202.3) to prepare a biennial report on the stewardship of state-owned property that identifies significant resources that are eligible for listing on the VLR, but are not yet listed landmarks. The 2017 *Biennial Report on the State Stewardship of Historic Properties* presents such a list and quantifies the threat to state-owned historic properties from sea-level rise. Recently-issued Executive Order 64 encourages state agencies, authorities, departments, and institutions of higher learning to pursue listing on the VLR historically significant properties they own or control, especially those related to the history of African Americans, Virginia Indians, and women, to utilize DHR's state highway marker program to educate the public about Virginia's rich history, and to prepare preservation plans to guide stewardship of historic properties under their control. Review staff will continue to work with state officials to meet these goals amid increased

demands placed upon them by the review of ongoing large, complex infrastructure projects in order to help state agencies become better stewards of lands and buildings. DHR will also continue to ensure inclusiveness in relevant programs to make them both accessible to and representative of the full range of stakeholders and cultural and ethnic influences in Virginia history. Lastly, through our partnership with the Virginia Department of Transportation, DHR will continue to work to utilize technology to enhance the accessibility of information in VCRIS, Virginia's Cultural Resource Information System.

Information Technology

Major IT investments underway include:

- Development of an easement database to track and analyze property information from throughout the life of the easement, with special application for use in the field to record present condition of properties.
- Implementation of the next level of enhancements to VCRIS that will improve the service it provides to the customer base, and in particular VDOT, which is a major partner in the development and use of the cultural resource information system.
- DHR's Electronic Project Information Exchange, ePIX, which streamlines the submission and review of state and Federal project, went live in December 2010 and has been featured at national preservation conferences as a first-of-its-kind system. Development of ePIX was a collaboration between DHR and VITA's Commonwealth Enterprise Solutions Center and utilized, in partnership with Microsoft, their Dynamics Customer Relationship Management (CRM) software. VITA CESC encouraged DHR's use of Dynamics CRM to test its potential for digitizing state services. Ongoing operations and maintenance cost of ePIX has been stable at around \$23,000/year not including the cost of necessary software upgrades and licenses. DHR has been informed that VITA CESC is nearly tripling the cost of its support of Dynamics CRM in 2017 to \$76,000/year before ending its support in 2019. The increase in cost and the termination of support severely threatens the viability of this critical system. Meetings with other state agencies faced with the loss of CRM-based applications have identified possible solutions that would utilize non-COV software hosts, but these solutions would require software upgrades and additional hosting fees which would increase the overall cost of ePIX.
- Information Technology Plans/Needs: Development of a tax credit database is critical to DHR's ability to record, analyze, and provide information and statistics on tax credit projects and the program as a whole.

Workforce Development

The DHR workforce is faced with the need to service programs that continue to grow in both numbers and complexity without a mirrored increase in staff or funding. There is an increasing demand for legal expertise in order to minimize the risk specifically in the Easement program, a high-impact and high-profile program area. As another example, the demand for staff with experienced subject matter expertise has already begun to increase in the federally mandated Review and Compliance Division; the amount of 30-day reviews that require processing is on an increasingly upward trend with impending projects such as the Dominion Surry-to-Skiffes Creek Transmission Line Project and the two underground gas pipeline projects. The trends toward retirements, growing program/legal complexity, and the need for experienced and federally mandated skill sets are expected to continue for the foreseeable future.

In order to address some of these challenges, DHR has reorganized to minimize the effects of staff reductions and retirements over the years and redefined positions to address the growing need for certain skills. It is also becoming increasingly difficult to retain and attract qualified staff because our salaries have not kept pace even within the Commonwealth let alone the private and national sector.

Physical Plant

The Department of Historic Resources currently has 3 leases throughout the Commonwealth in support of its mission. The total annual lease amount paid in FY 16 was \$331, 577.62. The overwhelming majority of annual lease fees pay for headquarters office space in Richmond which houses 35 of our 42 FTEs. Other leases include those of our Northern and Western regional offices at Stephens City and Salem which house collectively 6 FTEs. Management of these leased spaces is a collective effort between DHR and the Department of Real Estate Services (DRES). Besides the day-to-day management of the leased space, DHR has no major physical plant projects planned. However, in order to improve efficiencies in business functions, the agency did close its Petersburg location in 2016 which housed its fiscal staff and moved those employees to its headquarters in Richmond. In order to do that, slight reconfiguring of the office space was done. Although this was the best business decision for the agency, space is now at a premium. Without funding to transition from paper to digital records, the Richmond headquarters will run out of space for records storage.

Space also continues to be a concern for DHR's ever growing and valuable archaeological artifact collection which consists of over 7 million artifacts. The current curation facility has finite space with the accumulative effect of accepting valuable prehistoric and historic collections over the years, challenging the space available. Old collections continue to retain research value and new collections have grown in number due to both donations of large significant collections and normal CRM related activities.

DHR, with the assistance of DRES, is currently in the midst of renegotiating its lease with the Virginia Historical Society for another ten years, at

which point it is anticipated that the agency may need to explore other options for more space given the issues described above.
