THE RILEY PURGATORY BLUFF CREEK
WATERSHED DISTRICT
ANNUAL REPORT
FOR YEAR ENDING DECEMBER 31, 2006

INTRODUCTION .................................................................................................................. 2

ACTIVITY REPORT .......................................................................................................... 3

APPOINTED BOARD MEMBERS FOR 2006 ................................................................. 3

ADVISORY COMMITTEE MEMBERS .......................................................................... 4
  Citizen Advisory Committee Members ................................................................. 4
  Technical Advisory Committee Members ............................................................ 5

CONSULTANTS ............................................................................................................. 6

GOALS AND OBJECTIVES OF PRIOR WORK PLAN ............................................... 7
  Implementation of Water Management Plan ......................................................... 7

GOALS AND OBJECTIVES OF PROJECTED WORK PLAN .................................. 8
  Use Attainability Analysis ....................................................................................... 8
  Creek Corridors Analysis ....................................................................................... 8

BASIC WATER MANAGEMENT PROJECTS ................................................................... 8
  Lake Riley and Rice Marsh Lake .......................................................................... 8
  Staring Lake/Purgatory Creek Recreation Area .................................................... 9
  Bluff Creek ............................................................................................................. 9
  Round Lake ........................................................................................................... 10

SUMMARY OF PERMITS, VARIANCES AND ENFORCEMENT .................................... 10

SUMMARY OF WATER QUANTITY AND QUALITY MONITORING DATA .................. 11

LOCAL PLAN ADOPTION AND IMPLEMENTATION .................................................. 11

ANNUAL WRITTEN COMMUNICATION .................................................................. 12

SOLICITATION OF INTEREST PROPOSALS ......................................................... 12

REPORTING OF REVENUES AND EXPENDITURES ............................................. 12

FINANCIAL AND AUDIT REPORT .............................................................................. 13

BUDGET ADOPTED FOR 2007 ....................................................................................... 13

CONCLUSION .............................................................................................................. 13
INTRODUCTION

Pursuant to Minnesota Statutes Section 103D.351 and Minnesota Rules Section 8410.0150, the Board of Managers of the Riley Purgatory Bluff Creek Watershed District submits its 2006 Annual Activity Report. The report includes the District’s members, technical and citizen advisors, summaries of the plans, goals, water management projects, and the permit and communication programs of the District. The District distributes its Annual Activity Report to the Minnesota Department of Natural Resources and the Board of Soil and Water Resources as provided by law.

Copies of the report or audit may be obtained from the District’s Managers or engineering or legal advisors. The Managers invite comments and suggestions concerning this report.
ACTIVITY REPORT

Appointed Board Members for 2006

In 2006, three new members were appointed to the Board to fill vacancies from expiration of terms and changed circumstances. The Board consists of five members¹.

<table>
<thead>
<tr>
<th>NAME AND OFFICE</th>
<th>APPOINTING COUNTY</th>
<th>MAILING ADDRESS AND TELEPHONE NUMBER</th>
<th>DATE OF TERM EXPIRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conrad Fiskness Chair*</td>
<td>Carver</td>
<td>8033 Cheyenne Avenue Chanhassen, MN 55317 (952) 934-5581</td>
<td>7/30/2006</td>
</tr>
<tr>
<td>Michael Casanova Vice Chair</td>
<td>Hennepin</td>
<td>18559 Kristie Lane Eden Prairie, MN 55346 (952) 937-8372</td>
<td>7/30/2007</td>
</tr>
<tr>
<td>Mark Dillon Secretary*</td>
<td>Hennepin</td>
<td>3411 Fairlawn Drive Minnetonka, MN 55345 (952) 476-2709</td>
<td>7/30/2008</td>
</tr>
<tr>
<td>Erin Ahola Manager / Acting Secretary</td>
<td>Hennepin</td>
<td>19080 Broadmoore Drive Eden Prairie, MN 55346 (952) 934-5449</td>
<td>7/30/2008</td>
</tr>
<tr>
<td>Jame Landini Manager</td>
<td>Hennepin</td>
<td>10457 Zylon Road Bloomington, MN 55438</td>
<td>7/30/2008</td>
</tr>
<tr>
<td>Howard Peterson Treasurer*</td>
<td>Hennepin</td>
<td>7021 Duck Lake Road Eden Prairie, MN 55346 (952) 934-2050</td>
<td>7/30/2009</td>
</tr>
<tr>
<td>Kenneth Wencel Manager</td>
<td>Carver</td>
<td>8412 Great Plains Boulevard Chanhassen, MN 55317 (952) 906-2181</td>
<td>7/30/2009</td>
</tr>
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¹ In 2006, Fiskness and Dillon went off of the Board and Wencel and Landini were appointed. Peterson was reappointed.
### Advisory Committee Members

**Citizen Advisory Committee Members**

<table>
<thead>
<tr>
<th>NAME AND OFFICE</th>
<th>RESIDENCE</th>
<th>MAILING ADDRESS</th>
</tr>
</thead>
</table>
| Jennifer Olim — Chair* | Resident of Eden Prairie | 8834 Danton Way  
Eden Prairie, MN 55347 |
| William Stets | Resident of Shorewood | 19435 McKinley Court  
Shorewood, MN 55331 |
| John Howe | Resident of Eden Prairie | 16380 Valley Road  
Eden Prairie, MN 55347 |
| Earl Renneke | Resident of LeSueur | Route 2, Box 45  
LeSueur, MN 56058 |
| Kenneth Wencel* | Resident of Chanhassen | 8412 Great Plains Blvd  
Chanhassen, MN 55317 |
| Donald F. Atkins | Resident of Carver | 14990 County Road 45  
Carver, MN 55315 |
| Ruth Eldredge | Resident of Deephaven | 3623 Lowell  
Deephaven, MN 55391 |
| Fritz Rahr | Resident of Bloomington | 8301 West 110th Street  
Bloomington, MN 55438 |
| Fred Mendez | Resident of Chanhassen | 7361 Kurvers Point Rd  
Chanhassen, MN 55317 |
| Rocky Waldin | Resident of Chanhassen | 7100 Utica Lane  
Chanhassen, MN 55317 |
| Miles Cohen | Resident of Minnetonka | 5716 High Park Drive  
Minnetonka, MN 55345 |
| Jeff Strate | Resident of Eden Prairie | 15021 Summerhill Drive  
Eden Prairie, MN 55317 |
| Elizabeth Diebold | Resident of Excelsior | 17605 Susan Drive  
Minnetonka, MN 55345 |

*Mr. Wencel was appointed a manager in 2006. Mrs. Olim moved from the District in 2006.*
### Technical Advisory Committee Members

<table>
<thead>
<tr>
<th>NAME AND OFFICE</th>
<th>ORGANIZATION</th>
<th>MAILING ADDRESS AND TELEPHONE NUMBER</th>
</tr>
</thead>
</table>
| Alan Gray City Engineer      | City of Eden Prairie  | 8080 Mitchell Road Eden Prairie, MN  55344  
|                              |                       | (952) 949-8420                        |
| Jimmie Gates Deputy Director of Public Works | City of Bloomington  | 1800 West Old Shakopee Road Bloomington, MN  55431  
|                              |                       | (952) 948-8730                        |
| Lee Gustafson Director of Engineering | City of Minnetonka  | 14600 Minnetonka Boulevard Minnetonka, MN  55343  
|                              |                       | (952) 939-8200                        |
| William Engelhardt City Engineer | City of Deephaven    | 1107 Hazeltine Boulevard Suite 480 Chaska, MN  55318  
|                              |                       | (952) 448-8838                        |
| Brad Nielsen City Planner    | City of Shorewood     | 5755 Country Club Road Shorewood, MN  55331  
|                              |                       | (952) 474-3236                        |
| Lori Haak Water Resource Coordinator | City of Chanhassen | 690 Coulter Drive P.O. Box 147 Chanhassen, MN  55317  
|                              |                       | (952) 227-1135                        |
Consultants

The District retains independent contractor consultants who provide all of the necessary engineering, accounting, legal, public information, and administrative services. The District’s consultants eliminate the need for employees’ attendant salary, space, telephone, pension and insurance costs while meeting statutory and regulatory requirements. The District’s independent consultants effectively fulfill its obligations, goals, and objectives within the approved finances and budget. The following consultants served the District in 2006:

<table>
<thead>
<tr>
<th>NAME</th>
<th>ORGANIZATION</th>
<th>MAILING ADDRESS AND TELEPHONE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Obermeyer</td>
<td>Barr Engineering Company Engineering Advisor</td>
<td>4700 West 77th St. Minneapolis, MN 55435 (952) 832-2600</td>
</tr>
<tr>
<td>Dan Cavannah</td>
<td>Cavanaugh &amp; Company P.A. Accounting Advisor</td>
<td>1660 South Hwy 100, #500 St. Louis Park, MN 55416</td>
</tr>
<tr>
<td>John Hoffman</td>
<td>ICS Agency, Inc. Insurance Agent</td>
<td>4901 West 77th Street Minneapolis, MN 55435 (952) 835-4848</td>
</tr>
<tr>
<td>Paul R. Haik</td>
<td>Krebsbach and Haik, Ltd Legal Advisor</td>
<td>225 South Sixth Street, #4320 Minneapolis, MN 55415 (612) 333-7400</td>
</tr>
<tr>
<td>Mark C. Gibbs</td>
<td>HLB Tautges Redpath, Ltd Auditor</td>
<td>4810 White Bear Parkway White Bear Lake, MN 55110 (651) 426-7000</td>
</tr>
<tr>
<td>Andrea Lex*</td>
<td>Lexicon Communications Communication Consultant</td>
<td>15246 65th Place North Maple Grove, MN 55311 (763) 557-5244</td>
</tr>
</tbody>
</table>

* Mrs. Lex moved from the District and stepped down as a consultant.
Goals and Objectives of Prior Work Plan

Implementation of Water Management Plan

The District has completed the lake use attainability analyses of twelve (12) of its thirteen (13) major lakes. The District has also monitored its creeks for dissolved oxygen, pH, conductance, temperature, and turbidity.

The District has classified and evaluated its waters using methods developed by the Minnesota Pollution Control Agency (MPCA) and the Minnesota Department of Natural Resources (MDNR). Rain storm events are monitored using recommendations of Metropolitan Council which accord with the standards of the MPCA. Having classified and evaluated its waters using state and metro wide methodologies, the District is positioned to participate directly in detailed discussions and planning, in addition to assisting it cities in responding to and complying with anticipated water quality requirements of the various agencies.

The District can assist the cities with their pollution prevention plans by developing TMDLs to prevent waters from becoming listed or improving and delisting ones that impaired. Current litigation of the jurisdictional limits of the TMDL requirements that is currently being litigated in the federal appellate courts should determine the extent to which the TMDL requirements apply to District waters. Under the NPDES permits, municipalities must abate any increases in the flow of phosphorous or suspended sediments to 1988 levels. Current city permits are coming up for renewal.
Goals and Objectives of Projected Work Plan

Use Attainability Analysis

The District has sought to extend its existing plan to complete two established and four petitioned basic water management plans pursuant to its completed use attainability analyses.

Creek Corridors Analysis

The District has completed its corridor analyses of the habitat within the Purgatory Creeks corridor. The analysis consists of a guide plan for the overall creek system and identifies wildlife, vegetation, and characteristics and morphology of the creeks themselves. The District continues to monitor at 17 different sites within the three creek systems: five on Bluff Creek; four on Riley; and eight on Purgatory. The District operates Watershed Outlet Monitoring Stations (WOMP), three on Purgatory Creek, one on Bluff and one station on Riley Creek, for more comprehensive storm event monitoring. The stations on Bluff and Riley Creeks are owned by the Metropolitan Council.

Basic Water Management Projects

Lake Riley and Rice Marsh Lake

In December of 2002 the cities of Eden Prairie and Chanhassen filed coordinated petitions with the District for the Lake Riley Rice Marsh Lake Basic Water Management Project. The District established the petitioned project on December 20, 2004, based in part upon its use attainability analysis study of the lake that was prepared by the District’s Engineer. The project was designed to remedy water quality impacts from municipal sewage treatments discharges in the early 1970’s, protect against degradation from the proposed construction of T.H. 212 between the lakes, and increased urbanization within the watershed.
In 2006, the District published notice, awarded bids in June, and commenced construction of the project. The first phase was completed in early 2007.

Staring Lake/Purgatory Creek Recreation Area

In 2006, the District continued its phased work on the Staring Lake Outlet/Purgatory Creek Recreation Area project in Eden Prairie which is a multi-purpose water storage, water quality, and management project to treat urban surface water runoff and provide water quantity control for discharges into the Purgatory Creek Valley.

Phase V will involve the construction of a trail from Staring Lake Park to Creek Knoll and a permanent outlet structure for the lake to control its elevation. The District sought and received the approval of the MDOT for the alignment and construction of trail below highway 212.

The District also undertook work to repair a section of the trail constructed in Phase III that was damaged by heavy rains and an embankment failure.

Bluff Creek

The City of Chanhassen petitioned for the Bluff Creek Corridor Basic Water Management Project in 1997 and the engineering feasibility report was completed in 1999. The petitioned project proposed comprehensive corridor management as urbanization of the area continues. The District acquired a critical parcel of undeveloped property in the downstream reach of the creek in order to help protect and preserve the creek corridor. The District and the City’s staff are in the process of finalizing the engineer’s report and deciding whether to proceed with the project. Pursuant to the petition, the City is responsible for costs incurred if the project is not constructed.
Round Lake

The City of Eden Prairie petitioned the District for the Round Lake Basic Water Management Project. The project will involve the construction of a new storm water basin and the upgrade of three existing ones, which drain to the lake. The upgraded basins are expected to reduce the phosphorous loading to the lake by approximately 13 to 17 percent. The new basin is expected to further reduce loading by approximately 5 to 8 percent. The project is expected to reduce the total phosphorous loading by 18 to 25 percent, thereby reducing the number of days the water quality exceeds the District’s standard for recreational swimming.

The Board of Managers has accepted the engineer’s report and distributed it to MDNR and BWSR for review and comment. Public hearing are required and construction on the project could begin in the fall of 2007.

Summary of Permits, Variances and Enforcement

The District coordinates its permit and project construction reviews with the engineering and planning staffs of the municipalities. In 2006, the District issued a total of 43 permits that included 10 extensions, and 1 Minnesota Department of Natural Resources permit, pursuant to the District’s general permitting authority. The permitted activities were located through the municipalities of the District as follows: 21 in Chanhassen, 14 in Eden Prairie, 4 in Minnetonka, and 4 in Bloomington. Of the total permits issued three (3) required property covenants, six (6) well abandonment certifications, and two (2) proposed wetland impacts governed by the 1991 Wetland Conservation Act. Permit fees cover the costs of field inspections.

The traditional and primary role of the State over management of water quality is eroding due to expansion of Clean Water Act regulation. Issuance of recent Clean Water Act permits under
the National Pollutant Discharge Elimination program, particularly MS4 and construction permits for an areas of an acre or more, may preempt or conflict with municipal, county and watershed rules thereby superseding those local permit controls.

Summary of Water Quantity and Quality Monitoring Data

In addition to use attainability analysis of lakes, the District has incorporated storm event monitoring by the Minnesota Pollution Control Agency and the Metropolitan Council into its data collection efforts. The District has incorporated 3 WOMP (Watershed Outlet Monitoring Stations) stations throughout the District, in addition to the Metropolitan Environmental Services Station on Riley Creek. The stations were installed in 2002/2004 and the District began sampling in the spring of 2004 to monitor the impacts of storm-water by monitoring water chemistry, which is important and affects the biological integrity of the water resources. Biological integrity is a critical component that reflects the condition of aquatic communities inhabiting natural and unimpaired water bodies or habitats. With this data, the District can better manage to protect and preserve aquatic communities, swimming, fishing, wildlife and aesthetic uses.

The Annual Report of the Chief Engineer reports and summarizes water quantity and quality monitoring data collected by the District. This report is in addition to the previously mentioned attainable use analyses. This report is incorporated by reference.

Local Plan Adoption and Implementation

The District approved the local water management plan of the City of Eden Prairie.
Annual Written Communication

For its annual communications, the District published articles in community newspapers. The District also participated in several municipal environmental fairs at which the District explained its work and function.

Solicitation of Interest Proposals

In 2006 the District solicited professional services by publication in local newspapers. Pursuant to statute the District is required to solicit for services at least every two years.

Reporting of Revenues and Expenditures

An audit report prepared by a certified public accounting firm is incorporated by reference. The audit includes a balance sheet, a classification of revenues and expenditures, an analysis of changes in final balances, and contains all additional statements considered necessary for full financial disclosure. The audit firm specializes in Auditing Watershed Boards.
FINANCIAL AND AUDIT REPORT

Budget Adopted for 2007

Attached and incorporated by reference is the District’s proposed budget that was adopted for upcoming year ending December 31, 2007.

CONCLUSION

The District is committed to completing two established basic water management projects and reviewing the petitions for two more, all of which will improve and protect the water quality of the District. Such projects are an important step in assuring the District’s waters comply with the requirements of the mandates of the Minnesota Pollution Control Agency, pursuant to the Federal Clean Water Act, and assisting cities in their water pollution prevention plans.

Respectfully submitted,

RILEY-PURGATORY-BLUFF CREEK WATERSHED DISTRICT

By Michael Casanova
President
<table>
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<tr>
<th>General Fund</th>
<th>2007</th>
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<td><strong>Receipts</strong></td>
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<td>Hennepin County</td>
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<td>Carver County</td>
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<td>Field Inspection Fees</td>
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<td>Other</td>
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<td>Interest</td>
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<td><strong>Total Revenue</strong></td>
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<td>Accounting Services and Audit</td>
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<td>Insurance and Bonds</td>
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<td>Administrative (Legal) Services</td>
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<td><strong>Excess of Revenue over(under) Expenditures</strong></td>
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