

WALT DISNEY WORLD GOVERNANCE MODEL INFORMATION

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In 1967 the Florida State Legislature established the Reedy Creek Improvement District and the cities of Bay Lake and Lake Buena Vista (formerly City of Reedy Creek) for the Walt Disney World Company. Therefore, the Walt Disney World Governance Model consists of one general improvement district and two small cities within the boundaries of Orange and Osceola Counties, not a county. The Cities of Bay Lake and Lake Buena Vista each have residents living in mobile home parks which are owned by Disney. Only loyal Disney employees live in the two cities. In the 2010 Census, Bay Lake had a population of 47 residents and Lake Buena Vista had 10 residents. These city residents elect the officials of the cities, but since they don't own any land, they do not have any power in electing the Reedy Creek Improvement District Board of Supervisors. The only landowners (beside Disney) who are the only voters in the Reedy Creek Improvement District are owners of 5 5 acre lots owned by senior Disney employees who give Disney voting power over the Reedy Creek Improvement District.

The Florida Legislature's enactment of the 1967 legislation to grant Walt Disney World governmental powers was based on Disney's tremendous success building Disneyland in California and on the representation by Walt Disney and other Disney representatives that they were going to create a city, a planned "community of the future" with 20,000 residents and therefore needed governmental powers. That City, was originally Disney's EPCOT center which means Experimental Prototype Community of Tomorrow. Disney's EPCOT City was never built, instead EPCOT is similar to a World's Fair Exhibition with no residents. Disney's City of 20,000 people was never built because the citizens would have voting power over Disney and Disney abandoned the idea. In the 1990's, approximately 30 years since Disney acquired governmental powers in 1967, Disney did develop a city called Celebration, but de-annexed the area from the Reedy Creek Improvement District in order to not have citizen voting power over Disney's District.

Since 1966, to my knowledge there have been no similar private-government organizations established in the United States, a period of 55 years.

Walt Disney World Governmental Powers (primarily serving Disney):

Reedy Creek is not a county. Reedy Creek is located within two existing counties, the counties of Orange and Osceola Counties.

Reedy Creek property owners and city residences pay county property taxes and county sales taxes to their respective counties where they are located.

Reedy Creek has no County District Court or Justice Court powers.

Reedy Creek has no Assessor or County Treasurer (tax collector powers).

Reedy Creek has no County social services powers.

Has police powers but they don't exercise it, adjacent Orange County and Osceola County provide law enforcement (security only at Walt Disney World), however, security personnel may issue personnel violation notices to Disney and RCID employees, not the general public.

Cities have powers such as municipal-city type court services, but Bay Lake and Lake Buena Vista do not provide court services. Reedy Creek has no judicial powers.

Has no school powers.

Has power to condemn and acquire property.

Has land use regulation and planning, building codes, surface water control, drainage, waste treatment, utilities, roads, bridges, fire protection and EMS and environmental services powers.

Disney was contemplating putting in a nuclear power plant but decided against it.

It appears Disney did have superior building codes initially when building Walt Disney World, however, recent articles state the Disney governments use the Florida and International Building Codes, the same codes used by other municipalities.

The District and Cities, as with any municipal corporation, can issue tax-free bonds.

In Richard E. Fogelson's book *Married to the Mouse: Walt Disney World and Orlando*, Mr. Fogelson argues Disney has abused its powers by remaining in complete control of the District and not building the "community of the future" which was the reason the Walt Disney World Company used to get governmental powers from the Florida Legislature.

Mr. Fogelson also criticized Disney's ability to take advantage of their governmental charter by being able to switch hats from public to private whenever it was advantageous of the Company to do so stating: "Here they were a public entity eligible to receive bond funding; there they were a private firm, unwilling to permit public access for a Mag-lev train on their property. Here their private security guards masqueraded as real cops; there they stiff-armed external law enforcement to protect their corporate public image. Such were the results of the economic-development deal struck between Disney and the state of Florida in 1967. The deal invited abuse not only in granting public powers to a private business corporation. It permitted Disney to switch roles at will, abusing the power to decide when to be public and when to be private."

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MICKEY'S IDENTITY CRISIS

Maya Bell, of The Sentinel Staff THE ORLANDO SENTINEL
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Late summer in 1994: Two pals are caught climbing on a roof at the Contemporary Hotel. When they dash to their truck and race away, a Disney security van follows, its red lights flashing.

The night of mischief ends in a fiery crash on a winding road.

The truck's passenger, Robb Sipkema, dies in the accident, not far from the Magic Kingdom where he and his mom used to skip gleefully down Main Street in their own private parade.

Now, the 18-year-old's death has triggered a public records challenge that ultimately could decide the limits of the [Walt Disney World](#) Co.'s autonomy and accountability to the public. At the heart of this case is whether Disney is able to enjoy the benefits governments have, while evading the responsibilities.

"The public policy implications are rather major," said T. Wayne Bailey, a political scientist at Stetson University. "Up until this point, Disney has . . . been neither fish nor fowl, but if it waddles like a duck and quacks like a duck, legalistically, it just may be a duck."

The question before the court is narrower: Is Disney exercising the most fundamental of government powers - law enforcement - in its vast Central Florida kingdom?

If so, the private corporation could be required to make public its security records, just as every police department in Florida must do at some point.

Now on appeal, the public records case was spawned by a separate wrongful-death suit filed in 1995 by Robb Sipkema's parents, Robert and Kathlyn Sipkema. The Windermere couple alleges Disney security caused their son's death by negligently assuming the duties of police and chasing the truck driven by their son's friend.

To support their allegation, the Sipkemas asked Disney for a copy of the company's security operations manual. Disney initially refused, saying its status as a private corporation protected it from the state open records law that requires virtually every government record to be made available to the public on request. No reasons required. No questions asked.

Special tax district is central to dispute

Central to the dispute is the special taxing district, about twice the size of Manhattan, that governs Disney's empire in Orange and Osceola counties.

At Disney's behest, the [Florida Legislature](#) created the Reedy Creek Improvement District 30 years ago, enabling Disney to finance, build and oversee its development without interference from other governments.

Endowed with an array of municipal powers to serve Disney's needs, Reedy Creek controls its own planning, zoning, transportation, fire protection and utility services. The district can condemn property, while paying for infrastructure improvements by taxing its land owners, chiefly Disney, and issuing bonds.

The issues on appeal are so significant that one of the state's most influential business organizations, its top cop and this newspaper have entered the case as interested parties.

On one hand is Disney's legitimate right and obligation as a private corporation to minimize risks and serve stockholders by protecting its property, employees and guests. On the other is the public's right to know if -

and how - private business is carrying out a duty that government otherwise would perform.

Though the Legislature authorized Reedy Creek to arrange law enforcement with another public agency, it never did.

Instead, the district contracts with Disney for "security services." In turn, Disney contracts with the Orange County Sheriff's Office to have at least one deputy in Disney's security headquarters day and night.

The Sipkemas rest their public-records claim on those arrangements. They contend that the contracts between Reedy Creek, Disney and the sheriff's office have severely limited law-enforcement presence in the district, allowing Disney's force of 800 "security hosts and hostesses" to assume the duties of district police.

To the Sipkemas, there is little difference between Disney security and a public police department. Wearing uniforms and silver badges, hosts and hostesses patrol Reedy Creek in vans with police-like markings, radar and lights.

They pull over traffic violators, issuing "driving records" to Disney and Reedy Creek employees, copies of which go in personnel files. They answer 911 calls and decide which to forward to police. Using surveillance, photo line-ups and other law enforcement techniques, they investigate crimes up to "the point of arrest."

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checking door locks, to Reedy Creek. When the company investigates crimes on its property, or even stops motorists on public roads, it is for the company's benefit and not subject to the open records law, he ruled.

In reaching his decision, Perry excluded much of the testimony showing Disney's unique relationship to, and control over, Reedy Creek. Whether the 5th District Court of Appeal in Daytona Beach weighs such evidence may be a pivotal factor in the outcome.

Records battle has interested parties

The Siphemas are not alone in their fight. The Orlando Sentinel and the state Attorney General's Office have joined the case after it was appealed. They contend that Reedy Creek and Disney are playing a shell game, using the company's legislatively created alter ego to disguise its law enforcement activities as security. They argue that Reedy Creek has delegated its police powers to Disney by relying on the company for "security" rather than arranging for public police protection elsewhere.

Much to the dismay of Sentinel editors, the newspaper's longtime counsel is defending Disney in its efforts to keep its records from public view. The editors first learned of their attorney's involvement last year by reading it in their own paper. They have since parted ways with David Evans and the Mateer, Harbert & Bates law firm where he is a partner.

In court records, Evans counters that Disney security is merely carrying out the private corporation's obligation to protect its visitors, employees and property. If it didn't, the company would face a mountain of litigation, much of it frivolous and expensive.

Evans argues that Reedy Creek doesn't even have police powers to delegate - only the authority to contract with a city or county for police protection, which it has chosen not to do.

He also contends that the Sipkemas are using Florida's open records law in a misguided attempt to gain an advantage in their wrongful-death suit. As he notes, the couple could have, and eventually did, obtain the security manual through normal civil court procedures.

Speaking for its 5,000 members, the Florida Chamber of Commerce has interceded on Disney's side, with a similar argument. The organization further argues that allowing the Sipkemas to obtain Disney records would "accelerate the advent of the Orwellian state" by opening to public scrutiny the books of any business - from Sea World to mom-and-pop grocers - that hire security.

But to the Sipkemas, Disney's unique relationship with its own government sets it apart from other private corporations, giving it responsibilities other businesses don't share. Rejecting the notion they are pursuing the records to benefit their civil suit, they insist the public-records quest is for their son, and for the public.

They say the public has a right to know - a need to know - how Disney security operates; that the company is using security guards untrained in law enforcement as police officers; that it decides which 911 calls to pass on to police; and that, in their view, it can trample on individual rights while hiding behind its corporate shield. They believe Disney stymied the inquiry into their son's death.

The appellate court is set to hear arguments on the records issue June 3.

Reedy Creek has little but Disney

Disney and Reedy Creek always have maintained that they are separate - that the private corporation has no control over the public government. Suggesting otherwise raises a hint of frustration in the voice of Reedy Creek Administrator Tom Moses, who functions much like a county manager.

Moses points out that he answers to the district's governing board of supervisors that, much like a county commission, sets the policies he carries out.

"Disney does not dictate what we do," Moses says. "They simply do not administer the day-to-day operations. I don't go over there and say, 'Can I do this?' "

But to observers like Florida International University anthropologist Stephen Fjellman, who wrote the book *Vinal Leaves: Walt Disney World and America*, that argument is as make-believe as Disney's perfect world.

After all, Disney is the largest - virtually the only - taxpayer, employer and beneficiary of services in Reedy Creek. Landowners elect the board Moses answers to on a 1-acre, 1-vote principle, enabling Disney, which owns nearly all of the 24,000 acres in the district, to hand-pick its five members.

"Get real," Fjellman said. "Reedy Creek is Disney. . . . It was created to serve Disney's needs. Everything it does benefits Disney. If it weren't for Disney, Reedy Creek wouldn't exist."

Disney even controls the district's population, de-annexing new developments that would add permanent residents. As a result, Reedy Creek's population is stable. Only about 50 people live there - all of them Disney employees or spouses who rent trailers owned by Disney. Reedy Creek residents don't elect the supervisors, but they are asked to approve tax-exempt bonds the district issues.

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issue \$57.7 million worth of bonds. Reedy Creek nabbed the allotment first, to expand its sewage treatment plant for Disney and other theme parks. Orange would have used the bonds for low-income housing.

As Eric Faddis, the Sipkemas' attorney, sees it, the benefits that accrue to Disney through its security agreement with Reedy Creek are critical.

He alleges that Disney, through Reedy Creek's acquiescence, has overstepped the bounds of security and entered the realm of law enforcement.

He notes that other courts have rejected Disney's contention that the company and the district are independent.

In 1994, U.S. District Judge Patricia Fawcett, finding "voluminous evidence" to the contrary, refused to dismiss Disney from a sexual harassment lawsuit filed by the district's female firefighters.

Disney had argued that Reedy Creek, not the company, employed the firefighters so the company shouldn't be part of the suit.

Among the evidence presented to Fawcett: Disney executives set and approved Moses' salary and referred to Reedy Creek as a "division."

Firefighters applied for employment at Disney's "casting office" and were required to comply with the Disney "look." Disney issued their paychecks and included them in the company's group insurance plan.

To Dan Bay, a California-based consultant who analyzed the Reedy Creek-Disney relationship for the firefighters, such overlap creates an inherent conflict.

"These are two entities that are supposed to function under different value systems," Bay said.

"The government entity operates under the public interest, the private entity under the stockholder interest. The potential conflict here is that the stockholder interest will be served before the public interest."

Disney, not police, answers 911 calls

That conflict, Faddis contends, is apparent in Reedy Creek's operation of the 911 emergency system. At one time, Disney communications actually answered all 911 calls made in the district. Callers had no idea they were reaching Disney security - not police.

Now, dispatchers with Reedy Creek's fire and rescue service answer the calls. But as a matter of policy, they notify Disney security of crimes reported on its property, leaving the decision to call police with the company. This arrangement, Faddis says, allows Disney to intervene, potentially hiding crimes or other image-damaging incidents on its property.

"Every victim of a crime has a fundamental right to have their case investigated by a law enforcement agency and the right to the administration of justice," the former prosecutor said. "We don't think that always happens. That's the reason my clients have brought the public records suit. They think that's wrong."

As an example, Faddis points to a 1991 incident in which Disney knew one of its wardrobe assistants was hiding and masturbating while videotaping female cast members changing their costumes at Cinderella's Castle.

Instead of referring the case to the sheriff's office, which could have obtained a search warrant for the tapes, Disney security conducted its own investigation. It lasted three months, during which the young women were never told they were being filmed.

Disney security eventually filmed John Giangrossi doing his dirty deed and confronted him, eliciting a confession. About the same time, the sheriff's

deputy assigned to Disney learned about the tapes when someone casually mentioned them to him at lunch. He then arrested Giangrossi.

Whether Disney security would have turned over Giangrossi to police is unclear. The deputy isn't certain. In several cases raised during the public records trial, Disney fired - but did not turn over to police - employees who confessed to exposing their organs to, or peeping at, guests.

Disney later settled with the cast members after Judge Fawcett, ruling that the average person would find the company's conduct "outrageous," declined to dismiss Disney from the suit.

The Sipkemas believe Disney's conduct after their son's death was just as outrageous. They and the traffic-homicide investigator responsible for determining the cause of the crash believe Disney interfered in the investigation.

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Florida Highway Patrol Trooper Scott Walter said he made repeated requests to Disney to interview the security hostess who initiated the pursuit and to obtain a copy of the taped radio dispatches between her and Disney communications the night of the accident. Walter received neither.

"They would only release the information that wouldn't hurt them," Walter said. "I followed up on that for a while with no results. Our job was to reconstruct the accident, listing all the contributory causes. I'm missing Disney's part of it."

Transcript not clear about key points

A transcript of the tape is now filed in court records. Dated 14 days after the accident, the transcript contains a four-minute discrepancy between the time of the incident stated by Disney security and the time electronically recorded by the Disney's equipment. The transcript is inconclusive on key points, leaving both Disney and the Sipkemas to argue that it supports each sides version of events. The versions differ mainly on whether Disney security initiated a high-speed chase on Aug. 31, 1994.

That's when Robb Sipkema, who worked for his parents' electrical supply business, went "cruising" with his buddy Kevin Blazak, then 20 and an electrician's helper.

The friends ended up at the Contemporary Hotel where, according to court records, a security guard yelled at them for horsing around on the roof of a covered walkway.

The young men immediately returned to Blazak's Ford. About the same time, security hostess Susan Buckland heard a dispatch over her security van radio that a blue truck with a person lying on the "topper" was in the hotel lot.

Spotting Blazak's truck, Buckland said she "fell in behind it," flicking her van's flashing red lights off and on to get the driver's attention. As the truck ran stop signs and sped toward a service gate, she followed, radioing the gate guard to block the outbound lane. He did, but the truck swerved and turned down Reams Road.

Buckland insists she never left Disney's private property. The Sipkemas' attorney contends Buckland chased Blazak down Reams Road at a high rate of speed. This much is clear: Driving an estimated 77 mph, he lost control of his truck and careened into woods. A passerby pulled Blazak, bloody and smelling of alcohol, from the burning truck. Robb Sipkema died on impact.

At the onset of the wrongful death suit, Evans, still the Sentinel's attorney, represented Disney.

As the case progressed, he eventually offered to turn over Disney's security manual, but only if the Sipkemas agreed to keep it confidential. They refused, and Faddis filed the public records suit, seeking the manual as well as copies of the traffic and crime reports Disney security had written over a five-year period.

Evans, following Disney policy against commenting on pending litigation, declined to discuss the cases. He acknowledges, though, that he erred by not informing the Sentinel he would defend Disney against the records claim. Saying he believes he is on the right side of the law, though, he makes no apologies for fighting to keep Disney's records closed.

And the Sipkemas make no apologies for trying to open them.

"We could not accept that shroud of secrecy," Kathy Sipkema said. "That's the whole point. We want other people to know what Disney is doing."

Man's death may not affect court decision

As important as their son's death is to the Sipkemas and their court strategy, it may have little bearing on their records fight.

As Judge Perry ruled, the law required him to determine only if Disney security acts in behalf of Reedy Creek and is, therefore, subject to the open records law.

The law forbids a government from contracting its responsibilities to a private business to avoid disclosure of its records. Private businesses can, however, provide 'professional services' to a government without being subject to the records law.

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In Perry's opinion, Disney is doing just that - providing a professional service, that of a routine "night watchman" - to Reedy Creek.

Whatever Disney security does on its own private property, Perry said, is for the company's benefit, and not subject to the open records law.

Even when Disney stops motorists on Reedy Creek's public roads, Perry ruled, that, too, is for the company's benefit. As the judge noted, Disney is in a classic "damned if you do, damned if you don't" situation.

Under civil law, the company has a duty to assure the safety of its guests and employees on its property. Likewise, the company can be held liable for injuries off its property if it fails to minimize foreseeable risks.

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Faddis, however, is asking the appeal court to weigh the evidence with a different scale than Perry used.

Using factors outlined by the Florida Supreme Court, Perry examined such things as whether Reedy Creek created or controls Disney. Given that the reverse is true, Faddis believes the judge should have weighed whether Disney actually created and controls Reedy Creek.

Whether the appeal court agrees, the Sipkemas already can claim some victories. As Faddis notes, Disney changed the flashing lights on its security

vans to amber after he complained that security vehicles are prohibited from using red lights.

And, according to court records, Disney's security hosts and hostesses have dispensed with the 10 codes police use and now speak plain English. And they've quit making traffic stops.

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