

EXHIBIT 3-B



Since 1967
Reedy Creek
IMPROVEMENT DISTRICT

Urban Planning Report

11.24.2023

Kimley»Horn

Urban Planning Report

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Introduction

Kimley-Horn has developed this urban planning report on the developed and planned state of the Reedy Creek Improvement District (RCID) and the Cities of Lake Buena Vista and Bay Lake to preliminarily assess what we consider to be infirmities in the historical growth management and development of this area based on how similar plans have been developed and executed in Florida. This includes failure to develop any significant housing within RCID, placing pressures on housing for Disney's employees into neighboring communities and requiring those other communities to provide services to the growing populations driven by Disney's growth.

Hereafter, "the District," shall refer to the Reedy Creek Improvement District or, as it is now known, the Central Florida Tourism Oversight District (CFTOD). The preparation of this report included review of the 1967 Reedy Creek Improvement Act establishing RCID (hereafter referred to as "the RCID Act and the Comprehensive Plan 2032 (hereafter referred to as "the Plan") that was transmitted by RCID to the Department of Economic Opportunity in June 2022 which purports to govern long-term planning in the Reedy Creek Improvement District and the cities of Bay Lake and Lake Buena Vista.

Kimley-Horn has assembled a special team of experts that include urban planners, civil and environmental engineers, and transportation planners to conduct this review.

Note the current planning framework also includes Land Development Regulations (LDRs) that have not been reviewed at this time.

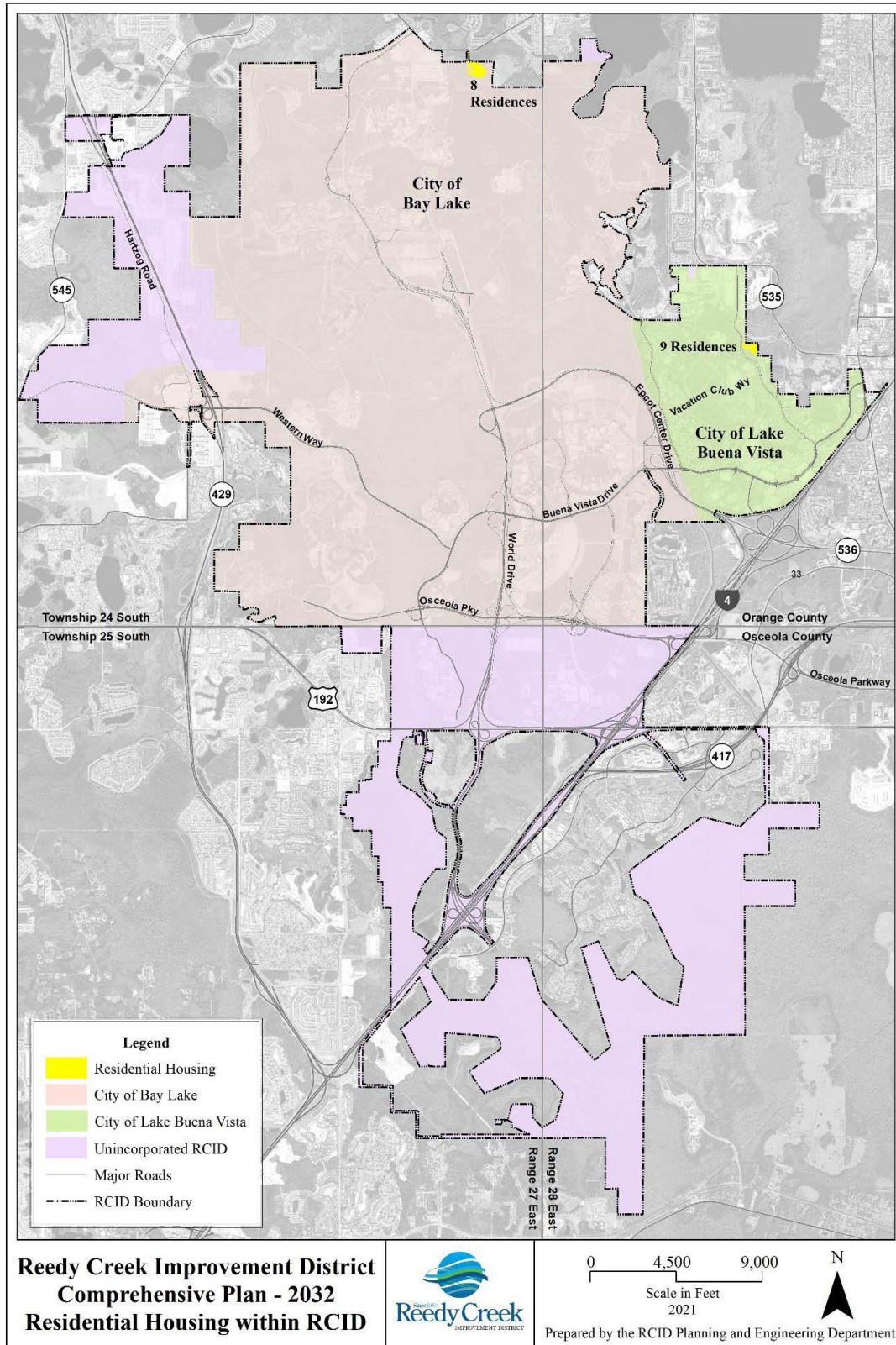
The following summarizes our urban planning findings.

General Findings of Infirmities

Perhaps the biggest infirmities of the Plan stem from the governmental structure resulting from the original enabling legislation in 1967. This legislation allowed RCID to be structured as a governing District with two incorporated cities – Bay Lake and Lake Buena Vista. This District structure is unlike any other governmental structure that we have encountered in all of our planning experience. The RCID District has the planning, zoning, and permitting powers granted to a Florida county or city. The two incorporated cities (Bay Lake and Lake Buena Vista) lack the normal planning operations typical to municipalities in Florida.

Several unusual conditions are apparent in this structure and how it evolved since the original inception of the RCID Act.

1. The two cities are essentially “paper cities”. They do not have individual Comprehensive Plans or elected representatives supported by a resident population. They do not have their own governmental structure or any operational programs or staff with review powers. They do not function as cities at all. See Page 4B-2, Figure 2-1, in the Comprehensive Plan 2032.
2. There is no provision for employee housing in either of the Cities, nor is there any provision for other residents who are not employees but support, or are part of the activities and businesses, in the District.
3. The District itself did not function as a typical Florida governmental body. The RCID Board of Supervisors consists of five members, each elected by the landowners to a four-year term. Members of the Board must be residents of Orange County, Osceola County or any adjoining county and are required to own land within the District. Board members historically have received a five-acre tract of inaccessible, undevelopable land from the Walt Disney World Company, subject to a contract that authorizes the Company to purchase the land from the Board member at the conclusion of his or her term of service.
4. The RCID, with all the powers granted under the 1967 Act, functioned entirely to support Disney’s Resort operations and is not accountable to the surrounding counties or to a general public in the District. This structure seemed to be primarily self-serving and was one of the reasons the Plan has not permitted residents to live in the District and have an active role in the governance of the District.



RCID Legislation/Regulations

Since its inception in 1967, RCID has operated under a unique authority. This has created an advantage to the Walt Disney Company's Central Florida operations that is not enjoyed by other developments within Florida. An inaccurate communication often repeated in the media is that RCID is like nearly 2,000 other special districts in Florida. It is important to note that the other special districts operate under FS 189 – Uniform Special District Accountability Act, or FS 190 – Community Development Districts, while RCID operated under its own unique legislative requirements and authority, the Reedy Creek Improvement Act.

Under the RCID Act, RCID is effectively treated as a local government (i.e., a city or county). RCID prepares a comprehensive plan that identifies their existing and projected (5 year and at least 10 year) conditions. RCID establishes the process for reviewing and approving changes/development within the district, and grants entitlements to developers.

Other theme parks (like Universal) and developments (including very large developments like The Villages) fall under the jurisdiction of Local Governments (i.e., City of Orlando, Orange County, Sumter County, etc.). Proposed land uses and development designs for other theme parks and developments are reviewed by the applicable local government.

In contrast, proposed land uses and development designs within the District are reviewed and approved only by RCID. If not for the RCID legislation (which also includes creating the cities of Bay Lake and Lake Buena Vista), development within the District would be reviewed and approved by Orange County and Osceola County (depending on the location of the development).

Planning and Public Accountability Infirmities

Normally planning within Florida, including the development of Comprehensive Plans, Land Development Regulations, and actions related to particular development proposals requiring official action, is mediated by a public accountability system consisting of elected officials and legally required public involvement.

Local comprehensive plans are required by Florida statutes to address land use, transportation, housing and other statutorily requirement elements (F.S. 163.3177). When updating their comprehensive plans, local jurisdictions are required to hold community meetings to engage residents and stakeholders, and officials are subject to feedback on their performance through elections. Per F.S. 163.3181, "It is the intent of the Legislature that the public participate in the comprehensive planning process to the fullest extent possible." An analysis of the District's procedures for the approval of both long-term plans and regular approvals will be necessary to fully elucidate the current mechanism for accountability.

However, the unusual makeup of the District's governing body complicates the efficacy of any public participation process. Because the District does not hold elections by residents any planning performed by the District is devoid of the normal mechanism of accountability that would underpin public participation efforts. Historically, RCID has de-annexed any

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residential development within its historic borders. Even if the District held public hearings on long-term or current planning issues, the process lacks the typical feedback mechanism of a regular, local elections cycle.

The RCID governance structure established in 1967 was primarily accountable to a private corporation, as the board of supervisors was selected by the “landowners” in the District, of which the Walt Disney Corporation owns the vast majority. Election of a governing board by landowners is not in itself unusual as it relates to special districts, however the breadth of authority and the unity of ownership result in a situation where planning decisions are accountable primarily to a single private business interest and not accountable to the typical range of community stakeholders. Furthermore, this preferential situation is not similarly afforded to other businesses in the same industry. Essentially, the largest and primary business interest in the District has been in control of its own approving body as it relates to land development without meaningful accountability to other stakeholders or a clear incentive to serve the public interest. This could be considered a major plan infirmity.

URBAN PLANNING INFIRMITIES

Infirmitities of the Current Plan

At the time that Reedy Creek Improvement Act was conceived almost 60 years ago, it was a unique document, inspired by Walt Disney’s vision for a completely new city. Since that time a great deal has changed, especially regarding the regional context within which Disney World was initially conceived and planned. Some of the contemplated activities promised and expected have never materialized. This includes the failure to develop any significant housing within the District, placing pressures on housing for Disney’s employees into neighboring communities and requiring those other communities to provide services to the growing populations driven by Disney’s growth.

A proposed Comprehensive Plan 2032 was transmitted to DEO in June 2022. On April 26, 2023, the CFTOD Board of Supervisors determined that the Comprehensive Plan 2032 was not properly adopted and is not effective. While not effective, Comprehensive Plan 2032 gives insight on how RCID, under Disney’s control, planned development for the future. The last complete rewrite of the Comprehensive Plan was in 1991. It has been updated subsequently according to required Evaluation and Appraisal Report. As described in the Comprehensive Plan, the District “is coterminous with, and is intended to provide a full range of governmental and proprietary services for, Walt Disney World Resort.”

The changes in land use and population since 1967 have been extra-ordinary. Commensurate with this development, adverse regional traffic impacts have been experienced resulting in congestion and diminished roadway capacity to handle traffic flows. The Plan does not have a mechanism to address or to mitigate these adverse impacts outside of the District. These impacts have been amplified by two factors:

- Walt Disney World (WDW) has over 100,000 employees currently and this workforce is expected to increase. None of these employees live in the District and are required to commute to work each day.
- Many in the workforce are not highly paid and as a result, they have to “drive until they can qualify” for housing or find affordable rental opportunities that are often quite far away.

Both factors add significant Vehicle Miles Traveled (VMT) and Vehicle Hours Traveled (VHT), which is burdensome to the employees, the corporation, and the regional roadway system. Also, use of the Lynx Bus system can require employees to spend hours to reach work, as reported by the Orlando Sentinel in the December 2019 “Laborland” special report.

The 2023 Live Local Act (SB 102) intended to address affordable housing challenges within the state requires that jurisdictions allow attainable multi-family housing developments within existing commercial, mixed-use, and industrial zones at “highest ‘allowed’ density on any land within its jurisdiction.” It would appear that this legislation may not produce any new housing within the District as the Comprehensive Plan 2032 does not include any residential densities.

In addition to the change in development patterns around the District, the state-of-the-art of planning at the regional level and the designing of cities and large projects has also changed

tremendously. Of special note is the emerging awareness of the problems caused by urban sprawl and single-use large projects like vast single-family, low density residential development which result in long commutes and excessive reliance on the automobile, causing dangerous traffic conditions, many hours wasted each day in travel and the expense associated with this pattern. In the same way, WDW without on-site or proximate housing causes the same condition in reverse by attracting huge numbers of daily commuting trips as employees drive or bus to work each day from distant off-site locations on congested highways.

Additional Transportation Infirmities

Other theme parks (like Universal) and large developments (like The Villages) fall under the jurisdiction of Local Governments (i.e., City of Orlando, Orange County, Sumter County, etc.). These theme parks and developments are typically required to mitigate their off-site impacts within the corresponding Local Government through impact fees and other commitments. RCID and the developers in it are not subject to any off-site mitigation requirements or impact fee payments to the surrounding counties.

RCID is effectively treated as a local government (i.e., a city or county) with respect to its planning authority. Local Governments typically have a mixture of trip projectors and attractors, and some trips occur between adjacent local governments, generally washing out the extra jurisdictional impacts. Transportation trips occur between trip projectors (land use that produce trips, primarily residential developments) and trip attractors (land use that attracts trips, like retail, office, parks, schools, etc.). The development within RCID is almost exclusively trip attractors, as no residential housing exists on site. Thus, there is no opportunity to balance out impacts with adjacent local governments.

Given the substantial level of Walt Disney World's impact on the regional transportation system, it is surprising that the company has not taken more of a leadership role in, and responsibility for, addressing regional traffic and other transportation problems.

Summary of Planning Infirmities

- The context has changed since 1967 – regional patterns, land uses, transportation and growth management have evolved significantly since adoption and the Plan has not responded to those changes as well as could be expected.
- The Plan last significantly updated in 1991 is no longer a state-of-the-art plan.
- The District and the Plan have evolved away from the original vision of building a complete city.
- The District and Plan have focused almost exclusively on optimizing corporate goals, rather than considering and responding to conditions in the regional context around the site.
- Production of excess vehicle miles traveled (VMT) and vehicle hours traveled (VHT) and traffic congestion on the stressed regional roadway system resulting from isolation of uses.

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- The policies in the Plan do not fully meet some of the goals and objectives outlined in the Plan regarding affordable housing, workforce employment, and other factors affecting sustainability such as the use of potable water for irrigation.
- The District and the Plan lack diversity in land uses.
- Excessive use of large surface parking lots creates adverse environmental and land use impacts including heat island effect (wasteful land use). Summer conditions create heat island parking lots that are not conducive to walkability.
- The growth in workforce from 70,000 in 2019 to the current 100,000, all of whom live off-site, often in remote locations. Future development could add 30% more employees (130,000) and this has not been addressed adequately.
- Lack of availability of affordable housing for a low paid employees is a potential threat to maintaining a stable workforce.
- Current state requirements intended to address housing shortages, such as the Live Local Act, lack a clear path to implementation in the District.
- The District and the Plan do not address mitigation of external transportation impacts, connections to regional rail systems, or evaluate all means of connectivity.