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17 Attorneys for Plaintiffs
CORY SPENCER, DIANA MILENA
18 REED, and COASTAL PROTECTION
RANGERS, INC.
19

20 **UNITED STATES DISTRICT COURT**
21 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**
22

23 CORY SPENCER, an individual;
24 DIANA MILENA REED, an
individual; and COASTAL
25 PROTECTION RANGERS, INC., a
26 California non-profit public benefit
corporation,
27

28 Plaintiffs,

CASE NO. 2:16-cv-02129-SJO (RAOx)

**DECLARATION OF PHILIP KING IN
SUPPORT OF PLAINTIFFS' MOTION
FOR CLASS CERTIFICATION**

Judge: Hon. S. James Otero
Date: February 21, 2017
Time: 10:00 a.m.
Crtrm.: 10C

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v.

LUNADA BAY BOYS; THE INDIVIDUAL MEMBERS OF THE LUNADA BAY BOYS, including but not limited to SANG LEE, BRANT BLAKEMAN, ALAN JOHNSTON AKA JALIAN JOHNSTON, MICHAEL RAE PAPAYANS, ANGELO FERRARA, FRANK FERRARA, CHARLIE FERRARA, and N. F.; CITY OF PALOS VERDES ESTATES; CHIEF OF POLICE JEFF KEPLEY, in his representative capacity; and DOES 1-10,

Defendants.

I, Philip King, declare as follows:

1. I am a professor of economics at San Francisco State University (SFSU) and have been recently retained as an expert in this matter on behalf of Plaintiffs Cory Spencer, Diana Milena Reed, and the Coastal Protection Rangers, Inc. concerning their class action damage claims alleged in this matter.

Qualifications

2. I received a bachelor of arts degree from Washington University, and a PhD in economics from Cornell University. I am currently an Associate Professor of economics at SFSU, a position I have held since 1993. I was Chair of SFSU's Department of Economics from 2002 to 2005. I was an Assistance Professor of economics at SFSU from 1987 to 1993, and prior to that, I was an Assistant Professor of economics at The State University of New York at Cortland from 1983 to 1985.

1 3. I have edited five books on the subject of International
2 Economics and International Economic Policy, prepared scores of policy
3 papers for governmental and non-profit organizations, and authored or co-
4 authored a number of refereed papers performing economic analyses
5 regarding the impact of climate change, erosion, and beach attendance on
6 Southern California beaches. A true and correct copy of my current
7 *curriculum vitae* is attached as **Exhibit 1**.

8 4. I have served as an expert witness in the field of economics in
9 approximately 40 different matters, for both the plaintiff-side and defense-
10 side. I have also presented evidence for the California Coastal Commission
11 pertaining to the economic recreation value of beaches. Further, for more
12 than 20 years, using various models, including economic recreation value, I
13 have specifically studied the economic value of California beaches.

14 5. My fee for providing testimony at trial or deposition is \$350 per
15 hour. My fee for consulting is \$200 per hour. Because of the importance of
16 this matter to beach access, I have provided my initial services and this
17 declaration to Plaintiffs without charge.

18 6. Recently, Plaintiffs in the above-referenced matter retained me
19 to provide expert consulting and testimony concerning the valuation of
20 group-based and class wide damages with respect to the proposed
21 beachgoer class' exclusion from Lunada Bay. My review covers the period
22 from 1970 to present. Having been recently retained, my research is
23 preliminary and conservative in terms of ascertaining group-based damages
24 to the beachgoer class, I am able to express an opinion related to
25 recreational beach/surfing economic valuation by examining studies at
26 similar sites. This method (benefits transfer) is an accepted method used by
27 economists and public agencies to value recreational beach resources.

28 ///

1 Research Pertaining to Lunada Bay

2 7. I have reviewed the Class Action Complaint filed in this matter,
3 with specific attention to remedies sought and the class definition in the
4 Complaint.

5 8. California has more than 1,100 miles of coastline. In the United
6 States, it is estimated that there are more than 3 million surfers. And in
7 California, it is estimated that there are more than 1 million surfers.

8 9. Using census data, information provided by the California
9 Coastal Commission, and information available to me from my more than 20
10 years of studying California beaches, there are approximately 30,000,000
11 residents in Southern California¹ and approximately 238,000,000 “visitor-
12 days”² to California’s beaches each year. While they are very different from
13 Lunada Bay, as a comparator to other Southern California beaches, the
14 annual attendance at Venice Beach is more than 8 million visitor-days, and
15 the annual attendance at Huntington Beach is more than 10 million visitor-
16 days.

17 10. Palos Verdes Estates has about 4.5 miles of coastline, and I
18 understand that Lunada Bay is less than 1/2 mile of coastline. Today, I
19 understand that fewer than 100 surfers regularly surf Lunada Bay.

20 11. Beyond my more than 20 years of experience in valuating
21 beaches, I have conducted initial research by reading about Lunada Bay

22 _____
23 ¹ For purposes of this paragraph, I count the following as Southern California
24 counties: San Luis Obispo, Kern, San Bernardino, Santa Barbara, Ventura,
25 Los Angeles, San Bernardino, Orange, Riverside, San Diego and Imperial.

26 ² The number of “visitors” to a beach is the number of unique individuals who
27 visit the beach in a given year. A visitor-day, in contrast, is the total number
28 of all day-visits by everyone. For beach count studies, attendance is
typically kept in visitor-days as opposed identifying unique individual visitors.

1 generally and about its localism problem, including reports and articles
2 printed in *The Los Angeles Times*, *The Daily Breeze*, *Surfer Magazine*,
3 SURF-forecast, *The Encyclopedia of Surfing*, and *Surflines*. I have reviewed
4 many photographs of Lunada Bay and have spoken to a number of surfing
5 and California beach-access experts. Further, I have reviewed census data,
6 information available from the California Coastal Commission, and my notes
7 and related information from other beach access matters where I have
8 served as an expert.

9 12. In addition, I have coordinated my work involving my
10 investigation of the economic valuation of Plaintiffs' exclusion from Lunada
11 Bay with that of other experts, including my review of the declaration of
12 surfing historian and expert Peter Neushul filed in support of Plaintiffs' class
13 certification motion. I understand that Lunada Bay has a longstanding
14 reputation for localism that deters surfers and other beachgoers from
15 attempting recreate there.

16 13. Also, I have firsthand experience visiting many California
17 beaches, and before this assignment I had visited and hiked the bluffs of the
18 Palos Verdes Peninsula.

19 Preliminary Analysis

20 14. The literature on the economics of coastal recreation indicates
21 that surfing typically has among the highest recreational economic value of
22 any beach related activities. Based upon my initial research, I have
23 concluded that Lunada Bay is an elite, world-class surfing location. I
24 understand that Lunada Bay's unique features can create ideal surfing
25 conditions, including big wave conditions – and while the primary season for
26 big waves at Lunada Bay is from November to March, I understand that
27 Lunada Bay offers surfing and other beach-related activities year round.
28 Further, the opportunity to surf Lunada Bay, even if only once, is important

1 to many surfers, both expert and novice.

2 15. Applying standard tools used by economists it is clear that
3 Lunada Bay has value significantly greater than less desirable surfing
4 locations. Based on my initial research, I understand that Lunada Bay has
5 unique features, including its location in proximity to densely-populated Los
6 Angeles County, free nearby off-street parking, easy visibility of surfing
7 conditions from the bluffs above the shoreline, a bay with deeper water
8 where both small boats can anchor and surfers can paddle to the waves
9 using the deeper-water channel, kelp beds that help protect waves from
10 onshore winds, a shallow rock reef, tide pools, nearby hiking trails, and the
11 adjacent sheer cliffs that enhance the undeveloped shoreline in terms of
12 providing a scenic escape for surfers in densely-populated Southern
13 California. For people that live in Los Angeles, finding a similar beach and
14 conditions would require substantial travel. Further, I understand that
15 Lunada Bay is unique because it is one of the very few Southern California
16 deep-water surf spots that can produce a powerful wave ideal for big-wave
17 surfing. In terms of being a world-class surf site, while it is world class for its
18 own unique reasons, my initial research indicates Lunada Bay is on the
19 same world-class level as Trestles Beach, which is located in North San
20 Diego County and part of the San Onofre State Beach. Trestles Beach
21 (consisting of the waves from Lower Trestles, Upper Trestles, and Cotton's)
22 averages about 330,000 surf trips per year. While no beach offers Lunada
23 Bay's exact conditions, other comparator beaches might include Todos
24 Santos (Baja California, Mexico), Black's Beach (San Diego County),
25 Swami's (San Diego County), Malibu (north Los Angeles County), Rincon
26 (Santa Barbara County), Pleasure Point (Santa Cruz County), Steamer Lane
27 (Santa Cruz County) and Mavericks (San Mateo County). None of these
28 beaches are located in densely-populated south Los Angeles County, and I

1 understand that none otherwise have the same features as Lunada Bay. In
2 other words, Lunada Bay's unique surf experience has few, if any, good
3 substitutes. Moreover, many surfers place a high value on the unique
4 experience of different surf spots, and, as outlined above, Lunada Bay's
5 experience is significantly different from other sites on the North American
6 west coast.

7 16. In addition to surfing, because of its scenic beauty and unspoiled
8 protected shoreline next to nearby hiking trails, I understand Lunada Bay
9 can be used for other outdoor and beach-related activities such as hiking,
10 photography, viewing the ocean and general sightseeing, tide pooling,
11 snorkeling, scuba diving, sailing, fishing, birding, beach combing, dog
12 walking, and picnicking. These activities add to the recreational economic
13 value of Lunada Bay. It is also my understanding that many coastal trails go
14 nearby Lunada Bay and thus any impingement on the ability of visitors to
15 hike by Lunada Bay may also impact the entire coastal trail system in that
16 area.

17 17. Because Lunada Bay is a premier surf spot, based upon my
18 initial research, if it were not for localism I would conservatively anticipate a
19 range of 20 to 25 surfers to be in the water on the main point when good
20 surfing conditions are present and even more on the weekends. Making the
21 assumption of two morning sessions per day and one evening session per
22 day, during good conditions, this should equate to between 60 and 75
23 surfers per day using Lunada Bay plus some additional surfers surfing at
24 non-peak hours. In addition to surfers, I would also expect there to be out-
25 of-area sightseers and other daytrip visitors. But based upon my preliminary
26 research, I understand that the current number of surfers in the water is
27 typically far fewer at 4 to 8 surfers during a regular morning or evening
28 session, and that non-surfing day-trip visitors are significantly fewer as well.

1 18. On an annual basis, I was able to preliminarily estimate the
2 number of surfers and beachgoers at Lunada Bay by basic arithmetic.

3 19. Based on my experience, data, and information I have reviewed
4 to date, I have preliminarily concluded that a reasonable, likely conservative,
5 estimate of the recreational value of the surfing at Lunada Bay is between
6 \$50 and \$80 per person per visit during the high season (November to
7 March) and approximately half of that during the rest of the year. Using that
8 figure and data showing a beach like Lunada Bay should conservatively
9 have at least 20,000 to 25,000 annual surfers plus other hikers and visitors, I
10 have estimated the lost surfing recreational value caused by localism since
11 1970 to be at least \$50,000,000 including modest interest. And over each of
12 the last five years, I estimate the lost surfing recreational value caused by
13 localism to be at least \$1 million per year. Further, while Lunada Bay's
14 scenic beauty and unique recreational opportunities within Los Angeles
15 County make it irreplaceable, I have preliminarily concluded that a
16 reasonable, if not extremely conservative, overall economic value of Lunada
17 Bay using the recreational value method would exceed \$50,000,000 if it did
18 not suffer under localism. Indeed, I believe my early annual loss, aggregate
19 loss since 1970, and total value estimates could significantly undervalue the
20 actual loss and a more detailed analysis could determine that the actual
21 economic value is much higher.

22 20. Because I have just started my research and have only
23 conducted a preliminary analysis, the conclusions I have reached in my
24 initial valuations are intentionally conservative. My final recreational
25 economic valuation may be higher. For example, as I study and add in
26 recreational value for the non-surfing beach-related activities such as hiking,
27 photography, viewing the ocean and general sightseeing, tide pooling,
28 snorkeling, scuba diving, sailing, fishing, birding, beach combing, dog

1 walking, and picnicking, I anticipate these values to be higher. My estimates
2 also assume only three cycles of surfing per day. However, it is very
3 possible that this estimate is conservative, particularly during peak season
4 and on weekends.

5 I declare under penalty of perjury under the laws of the United States
6 of America that the foregoing is true and correct.

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Executed in Davis, California on December 28, 2016.



PHILIP KING