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

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

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

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

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.

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

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

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

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

/ / /

Research Pertaining to Lunada Bay

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

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

9. Using census data, information provided by the California Coastal Commission, and information available to me from my more than 20 years of studying California beaches, there are approximately 30,000,000 residents in Southern California[1] and approximately 238,000,000 "visitor-days"[2] to California's beaches each year. While they are very different from Lunada Bay, as a comparator to other Southern California beaches, the annual attendance at Venice Beach is more than 8 million visitor-days, and the annual attendance at Huntington Beach is more than 10 million visitor-days.

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

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

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[1] For purposes of this paragraph, I count the following as Southern California counties: San Luis Obispo, Kern, San Bernardino, Santa Barbara, Ventura, Los Angles, San Bernardino, Orange, Riverside, San Diego and Imperial.

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

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

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

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

Preliminary Analysis

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

to many surfers, both expert and novice.

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

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

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

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

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

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

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

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

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

Executed in Davis, California on December 28, 2016.

PHILIP KING

Exhibit 1

PHILIP G. KING

Economics Department, San Francisco State University

E-mail: pgking@sfsu.edu

Cell: (530)-867-3935

Education:

July, 87 **Ph.D. in ECONOMICS** **CORNELL UNIVERSITY**
Fields: Applied Microeconomics, Economic Development, International Economics
Dissertation: Bargaining between Multinational Corporations and Less Developed Countries over Mineral Concessions Contracts.

May, 78 **B. A. in PHILOSOPHY & ECONOMICS** **WASHINGTON UNIVERSITY**
Nominated to Omicron Delta Epsilon (Economics Honor Society.)

Work Experience:

1/06-present	**ASSOCIATE PROFESSOR**	**SAN FRANCISCO STATE UNIVERSITY**
9/02-12/05	**CHAIR, ECONOMICS DEPARTMENT**	**SAN FRANCISCO STATE UNIVERSITY**
9/93-present	**ASSOCIATE PROFESSOR**	**SAN FRANCISCO STATE UNIVERSITY**
9/87-9/93	**ASSISTANT PROFESSOR**	**SAN FRANCISCO STATE UNIVERSITY**
9/83-5/85	**ASSISTANT PROFESSOR, ECONOMICS**	**S.U.N.Y. at CORTLAND**

Recent Refereed Papers:

"Can California coastal managers plan for sea-level rise in a cost-effective way?" w. Aaron McGregor and Justin Whittet, Jnl of Environmental Planning and Management, v. 59, pp. 98-119. January 2015.

"ESTIMATING THE POTENTIAL ECONOMIC IMPACTS OF CLIMATE CHANGE ON SOUTHERN CALIFORNIA BEACHES," with L. Pendleton, C. Mohn, D. G. Webster, R. Vaughn, and P. Adams, November 2011, *Climatic Change*.

"The Economic Costs of Sea Level Rise to California Beach Communities," w. A. McGregor and J. Whittet, California Resources Agency & Dept. of Boating and Waterways (Refereed through California Ocean Science Trust).

"Who's Counting: An Analysis of Beach Attendance Estimates in Southern California," w. A. McGregor, *Ocean and Coastal Management*, March 2012, Pages 17–25.

"Size Matters: The Economic Value of Beach Erosion and Nourishment in Southern California', with L. Pendleton, C. Mohn, R. Vaughn, and J. Zoulas., *Contemporary Economic Policy*, April 2012.

"Economic Analysis of Reconfiguring the Long Beach Breakwater," w. A. McGregor, *Shore and Beach*, April/May 2011.

"Potential Loss in GNP and GSP from a Failure to Maintain California's Beaches", Fall 2004, with Douglas Symes, *Shore and Beach*.

Books:

International Economics and International Economic Policy, 5th Edition, McGraw-Hill, 2009.

International Economics and International Economic Policy, 4th Edition, McGraw-Hill, 2004.

International Economics and International Economic Policy, 3rd Edition, McGraw-Hill, 2000.

International Economics and International Economic Policy, 2nd Edition, McGraw-Hill, 1995.

International Economics and International Economic Policy, 1st Edition, McGraw-Hill, 1990.

Policy Papers prepared for Government and Non-Profit Organizations:

Economic Impacts of Climate Change Adaptation Strategies for Southern Monterey Bay, prepared for the California Coastal Conservancy (Grant #13-107) w The Nature Conservancy, March 2016.

Improved Valuation of Impacts to Recreation, Public Access, and Beach Ecology from Shoreline Armoring. (Unpublished report). Prepared for the California Coastal Commission under NOAA contract number CC-13-22.

Contributed Economics portion of Regional Sediment Master Plan for BEACON (Beach Erosion Authority for Clean Oceans and Nourishment—Santa Barbara and Ventura Counties), February 2009, with Noble Consultants.

ESTIMATING THE POTENTIAL ECONOMIC IMPACTS OF CLIMATE CHANGE ON SOUTHERN CALIFORNIA BEACHES, prepared for the California Energy Commission (Energy Commission) and the California Environmental Protection Agency (Cal/EPA), with Linwood Pendleton, Craig Mohn, D. G. Webster, Ryan K. Vaughn, and Peter Adams.

Contributed Economics Portion of: "The ARC GIS Coastal Sediment Analysis Tool: A GIS Support Tool for Regional Sediment Management Program: White Paper, Draft Technical Report for U.S. Army Corps of Engineers, by Ying Poon (Everest Consultants), Los Angeles District, April 2006.

Contributed Economics Portion of: "Coastal Sediment Analysis Tool (CSBAT) Beta Version--Sediment Management Decision Support Tool for Santa Barbara and Ventura Counties," Draft Technical Report for U.S. Army Corps of Engineers, by Ying Poon (Everest Consultants), Los Angeles District, June 2006.

"The ArcGIS Coastal Sediment Analyst: A Prototype Decision Support Tool for Regional Sediment Management, John Wilson et. al., USC Geography Department, 2004 (contributed economic analysis for paper).

"The Economic of Regional Sediment Management in Ventura and Santa Barbara Counties," prepared for the California State Resources Agency, Final draft (refereed) , Fall 2006, prepared for the Coastal Sediment Management Work group (CSMW).

"The Potential Loss in GNP and GSP from a failure to Maintain California's Beaches," with Douglas Symes, prepared for the California State Resources Agency, 2002, http://userwww.sfsu.edu/~pgking/pubpol.htm.

"The (Economic) Benefits of California's Beaches," prepared for the California State Resources Agency, 2002, http://dbw.ca.gov/beachreport.htm.

"The Economic and Fiscal Impact of Beach Recreation in San Clemente," presented as part of Hearings on Congressional Appropriations for California Coastal Projects, US House of Representatives, April 2002. Also completed similar projects for Cities of Carlsbad, Carpinteria, Encinitas, and Solana Beach.