1	Thomas A. Kearney, State Bar No. 90045		
2	<u>tak@kearneylittlefield.com</u>Prescott W. Littlefield, State Bar No. 259049		
3	<u>pwl@kearneylittlefield.com</u> KEARNEY LITTLEFIELD, LLP		
4	100 N. Brand Blvd., Suite 424		
5	Glendale, CA 91203 Tel: 213-473-1900		
	Fax: 213-473-1919		
6	Gene J. Stonebarger, State Bar No. 209461	Eric J. Benink, State Bar No. 187434	
7	gstonebarger@stonebargerlaw.com Richard D. Lambert, State Bar No. 251148	<u>eric@beninkslavens.com</u>Vincent D. Slavens, State Bar No. 217132	
8	<u>rlambert@stonebargerlaw.com</u> STONEBARGER LAW	<u>vince@beninkslavens.com</u> BENINK & SLAVENS, LLP	
9	A Professional Corporation	8885 Rio San Diego Drive, Suite 207	
10	101 Parkshore Dr., Suite 100 Folsom, CA 95630	San Diego, CA 92108 Tel: 619-369-5252	
11	Tel: 916-235-7140 Fax: 916-235-7141	Fax: 619-369-5253	
12			
13	Attorneys for Petitioner/Plaintiff MIRIAM GREEN, on behalf of herself and all		
14	others similarly situated		
15	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
16	FOR THE COUNTY OF SANTA CLARA		
17	MIRIAM GREEN, on behalf of herself, and all others similarly situated,	Case No.: 16CV300760 (Lead) Consolidated with Case No. 18CV336237	
18 19	Petitioner and Plaintiff,	Assigned for all purposes to the Hon. Sunil R. Kulkarni	
20	v.	<u>CLASS ACTION</u>	
21	CITY OF PALO ALTO, and DOES 1 through	MEMORANDUM OF POINTS AND	
	100,	AUTHORITIES IN SUPPORT OF	
22	100, Respondents and Defendants.	AUTHORITIES IN SUPPORT OF MOTION FOR ATTORNEYS' FEES, COSTS, AND SERVICE AWARD	
23		MOTION FOR ATTORNEYS' FEES,	
23 24		MOTION FOR ATTORNEYS' FEES, COSTS, AND SERVICE AWARD	
23242526		MOTION FOR ATTORNEYS' FEES, COSTS, AND SERVICE AWARD Hearing Date: December 21, 2023 Time: 1:30 p.m. Dept.: 1 [Filed concurrently with notice of motion, declarations of Prescott W. Littlefield, Vincent	
22 23 24 25 26 27 28		MOTION FOR ATTORNEYS' FEES, COSTS, AND SERVICE AWARD Hearing Date: December 21, 2023 Time: 1:30 p.m. Dept.: 1 [Filed concurrently with notice of motion,	

1	TABLE OF CONTENTS			
2	TABL	E OF A	AUTHORITIES	3
3	INTR	ODUC'	TION	6
4	PROC	CEDUR	AL HISTORY	7
5	ARGU	JMENT	Τ	10
6	I.	CON	ISISTENT WITH ITS PRIOR ATTORNEYS' FEES ORDER, THE COURT	
7		SHO	OULD AWARD CLASS COUNSEL ATTORNEYS' FEES EQUAL TO 24.9% O)F
8		THE	COMMON SETTLEMENT FUND	10
9		A.	Courts Routinely Award Fees That Exceed the Percentage Sought by Class	
10			Counsel	11
11		В.	The Requested Attorneys' Fee Is Supported By Other Factors	11
12			1. The Requested Attorneys' Fee is Strongly Supported by the Results	
13			Achieved Compared to the Potential Value of the Case	12
14			2. Class Counsel Litigated this Case on a Purely Contingent Basis	12
15			3. The Requested Fee Reflects the Novelty and Complexity of the Case	13
16			4. The Fee is Supported by Counsel's Experience, Reputation, and Skill	14
17	II.	LOD	DESTAR CROSS-CHECK CONFIRMS THE REQUESTED ATTORNEYS' FEE	E IS
18		FAIF	R AND REASONABLE	14
19		A.	Class Counsel's Declared Hours Are Reasonable	14
20		B.	Class Counsel's Hourly Rates are Reasonable	16
21		C.	The Lodestar Multiplier, which is Below What This Court Previously Approve	ed,
22			Supports a 24.9% Attorneys' Fee Award	17
23	III.	THE	REQUESTED LITIGATION AND NOTICE COSTS ARE REASONABLE	18
24	IV.	THE	REQUESTED INCENTIVE AWARD IS REASONABLE	19
25	CONC	CLUSIC	ON	20
26				
27				

1	TABLE OF AUTHORITIES
2	CASES
3	Federal Cases
4	Behrens v. Wometco Enterprises, Inc.
5	(S.D. Fla. 1988) 118 F.R.D. 534
6	Boeing Co. v. Van Gemert
7	(1980) 444 U.S. 472
8	In Re Pac. Enter. Sec. Litig.
9	(9th Cir. 1995) 47 F.3d 373
10	In re Washington Public Power Supply System Sec. Litig.
11	(9 th Cir. 1994) 19 F.3d 1291
12	Moreno v. City of Sacramento
13	(9th Cir. 2008) 534 F.3d 1106
14	Parkinson v. Hyundai Motor Am.
15	(C.D. Cal. 2010) 796 F.Supp.2d 1160
16	Rodriguez v. West Publishing Corp.
17	(9th Cir. 2009) 563 F.3d 948
18	Twin City Sportservice, Inc. v. Charles O. Finley & Co., Inc.
19	(9th Cir. 1982) 676 F.2d 1291
20	Van Vranken v. Atl. Richfield
21	901 F.Supp. 294 (N.D. Cal. 1995)
22	Vasquez v. Coast Valley Roofing, Inc.
23	(E.D. Cal. 2010) 266 F.R.D. 482
24	Vizcaino v. Microsoft Corp.
25	(9th Cir. 2002) 290 F.3d 1043
26	State Cases
27	Chavez v. Netflix, Inc.
28	(2008) 162 Cal.App.4th 43
	P&As ISO Mot. Attys Fees, Cost & Inc. A. 3 Case #16cv300760

1	Children's Hospital and Medical Center v. Bonta
2	(2002) 97 Cal.App.4th 740
3	Citizens for Fair REU Rates v. City of Redding
4	(2018) 6 Cal.5th 1
5	Fernandez v. Victoria Secret Stores LLC,
6	(C.D. Cal., July 21, 2008) 2008 WL 8150856, at *16, n. 59
7	Flannery v. California Highway Patrol
8	(1998) 61 Cal.App.4th 629
9	Graham v. DaimlerChrysler Corp.
10	(2004) 34 Cal.4th 553
11	Heritage Pacific Financial, LLC v. Monroy
12	(2013) 215 Cal.App.4th 972
13	Hernandez v. Restoration Hardware, Inc.
14	(2018) 4 Cal.5th 260
15	Horsford v. Board of Trustees of Calif. State Univ.
16	(2005) 132 Cal.App.4th 359
17	In re Cellphone Termination Cases
18	(2010) 186 Cal.App.4th 1380
19	In re Consumer Privacy Cases
20	(2009) 175 Cal.App.4th 545
21	Kerkeles v. City of San Jose
22	(2015) 243 Cal.App.4th 88
23	Ketchum v. Moses
24	(2001) 24 Cal.4th 1122
25	Laffitte v. Robert Half International, Inc.
26	(2016) 1 Cal.5th 480
27	Margolin v. Regional Planning Com.
28	(1982) 134 Cal.App.3d 999
	P&As ISO Mot. Attys Fees, Cost & Inc. A. 4 Case #16cv300760

1	PLCM Group, Inc. v. Drexler
2	(2000) 22 Cal.4th 1084
3	Serrano v. Unruh
4	(1982) 32 Cal.3d 621
5	Wershba v. Apple Computer, Inc.
6	(2001) 91 Cal.App.4th 224
7	CALIFORNIA CONSTITUTION
8	art. XIII C
9	OTHER AUTHORITIES
10	The Contingency Factor in Attorney Fee Awards (1981) 90 Yale L.J. 473
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	

Petitioner and Plaintiff Miriam Green ("Petitioner" or "Green") moves the court for an order awarding Class Counsel attorneys' fees and reimbursement of litigation costs, and awarding Green an incentive award for her role as class representative, as follows:

INTRODUCTION

This motion should be familiar because the court has *previously* awarded Class Counsel attorneys' fees of \$3,154,627.50 in a *contested* fee motion¹ (representing 25% of the judgment amount of \$12,618,510.00, with a 3.68 lodestar cross-check multiplier), ordered reimbursement of litigation and notice costs, and awarded Green an incentive award. This motion tracks the court's reasoning from its prior ruling.

With respect to attorneys' fees, Class Counsel seeks a percentage of the settlement fund. In addition to the amount this court previously approved, Class Counsel requests compensation for substantial additional time spent in post-judgment litigation, the initiation of appeals, and the successful settlement of this litigation, culminating in a much larger class recovery of \$17,337,111. On par with the court's prior award, the requested attorneys' fee *and* litigation costs together do not exceed 25% of the common settlement fund. Class Counsel's lodestar cross-check multiplier of 3.26 is significantly lower than the multiplier the court previously approved. This time, the City has agreed not to oppose the requested attorneys' fee.

The requested attorneys' fee of \$4,319,720.10 (24.91% of the common fund) is well-deserved. Over a period of nearly seven years, Class Counsel have dedicated 1,645.2 hours and counting diligently litigating this case. They secured a significant judgment, opposed post-judgment motions, engaged in the appellate process, negotiated the settlement, took the laboring oar in drafting the settlement agreement, and successfully secured preliminary approval of the settlement, all without having received payment. Class Counsel achieved a remarkable settlement that, if approved, will benefit the class by millions of dollars *more* than the judgment amount.

Class Counsel also requests reimbursement of litigation and judgment class notice costs

¹ A copy of the court's May 14, 2021 "Order Concerning Petitioner/Plaintiff Miriam Green's Motion for Attorneys' Fees, Costs, and Incentive Award" ("May 14, 2021 Fee Order") is attached as Exhibit. A to the Declaration of Vincent D. Slavens in Support of Motion for Attorneys' Fees, Costs, and Incentive Award ("Slavens Decl."), filed concurrently herewith.

totaling \$14,557.65. Such costs were reasonably necessary to litigate this class action. Class Counsel further believes a modest increase in the incentive award to \$7,500 is just, fair, and reasonable given the additional time and effort expended by Petitioner since the previous application; Petitioner's participation and input has been invaluable, and she deserves recognition.

PROCEDURAL HISTORY

On October 6, 2016, Petitioner filed this class action against the City seeking refunds of illegal taxes. Petitioner alleged the City's utility rates are taxes imposed without voter approval in violation of article² XIII C (the "2016 Action"). The City denied the allegations. (Slavens Decl. at ¶¶ 4-5.)

During the pendency of this action, *Citizens for Fair REU Rates v. City of Redding* (2018) 6 Cal.5th 1 (*Redding*) was awaiting California Supreme Court review. Because *Redding* involved Proposition 26 issues relevant to this action and the City agreed the class should be certified, the parties submitted a stipulation to certify the 2016 Action as a class action and stay further proceedings until *Redding* was decided. The court agreed and granted the parties' requests. (Slavens Decl., ¶ 7.)

On October 9, 2018, Petitioner filed a second class action challenging the City's utility rates adopted on June 11, 2018 ("2018 Action"). After issuance of the *Redding* opinion, on February 13, 2019, the court lifted the stay and agreed to consolidate the 2016 and 2018 Actions (the "Consolidated Action"). The court deferred class notice. (Slavens Decl., ¶ 7.)

On February 27, 2019, Green filed a consolidated class action pleading. On March 28, 2019, the City answered. The court bifurcated the merits hearing into two phases – (Phase I) the liability phase and (Phase II) the remedies phase. The court scheduled Phase I to be heard on September 18, 2019, with Phase II to be scheduled later if needed. (Slavens Decl., ¶ 10.) In preparation for the Phase I hearing, Class Counsel reviewed the City's finances and rate setting proceedings and engaged in in-depth research and evaluation of the many complex legal issues presented. The City certified an administrative record consisting of 8,755 pages of documents, including complex financial reports. The task of reviewing and interpreting the record to present it

P&As ISO Mot. Attys Fees, Cost & Inc. A.

² References and citations to "article" and "art." shall refer to an article of the Constitution of the State of California.

to the court in a concise and understandable form was tedious and time consuming, especially because Class Counsel could not depose City staff. (Slavens Decl., ¶ 6.)

Petitioner filed her opening brief for Phase I on July 10, 2019. Class Counsel spent significant time meeting and conferring and drafting Petitioner's opening brief. The brief addressed a host of complex and thorny legal and factual issues and presented a financial analysis of the City's utility rates. The City filed its opposition brief on August 12, 2019. Class Counsel spent significant time reviewing, evaluating, and debating the City's opposition brief and drafted a reply brief. Petitioner filed her reply brief on August 30, 2019, refuting each of the City's arguments. Once the parties fully briefed the issues for Phase I, the court continued the hearing and asked the parties to meet and confer on certain issues before appearing to argue. On October 9, 2019, the court held a half-day hearing on liability. The court ordered supplemental briefing on issues pertaining to the administrative record. The parties complied. (Slavens Decl., ¶¶ 11-12.) On January 21, 2020, the court issued its Statement of Decision for Phase I. (Judgment, Exhibit 2.) It held that the City's "electric rates are not taxes under *Redding*, but that the challenged gas rates are to the extent [the City's general fund transfer] and/or market-based rental charges were passed through to ratepayers." (*Id.* at 27:27-28:3.) The case proceeded to Phase II – remedies. (Slavens Decl., ¶ 12.)

For Phase II, the court set the hearing for September 23, 2020. Phase II was particularly difficult and complex. The parties attempted to meet and confer to arrive a damages figure, but the City consistently asserted that it owed nothing to the class. Thus, the City filed its opening brief on July 31, 2020. Consistent with its stated position, the City concluded that it owed zero dollars in damages. In response, Petitioner presented an in-depth financial analysis of the refunds owed in a manner designed to reflect the court's reasoning in Phase I. Petitioner concluded that the City owed \$12,618,510 to the gas customer classes. The parties appeared and argued their respective positions at the hearing. (Slavens Decl., ¶ 13.) On October 27, 2020, the court issued a Statement of Decision for Phase II. (Judgment - Exhibit 3.) The court held that the City was liable for refunds totaling \$12,618,510. (*Id.* at 27:13-18.)

On March 11, 2021, Petitioner filed a motion for attorneys' fees equal to one-third of the \$12,618,510 judgment; she also sought costs and an incentive award. The City opposed Petitioner's

fee motion, hiring an expert witness to refute Class Counsel's hourly rates and hours spent on the case. (Slavens Decl. at ¶ 17.) On May 14, 2021, while the court found that the hours spent and requested hourly rates were reasonable and granted Petitioner's motion, it reduced the attorneys' fees award to \$3,154,627.50 (25% of the judgment/3.68 lodestar multiplier). The court further approved the reimbursement of Petitioner's class notice costs of \$6,960 and anticipated class claims administration costs of \$25,000. It granted Green's request for a \$5,000 incentive award. (May 14, 2021 Fee Order at p. 8)

On June 25, 2021, the court entered judgment against the City regarding its gas rates and for the City regarding its electric rates. (See Judgment.) The court clerk issued a Peremptory Writ of Mandate on August 17, 2021. (Slavens Decl. ¶ 19.) On July 9, 2021, the City moved for an order for new trial and to vacate the judgment, which Petitioner vigorously opposed. On July 27, 2021, the City filed a "notice of election" to satisfy the judgment over 10 years, which Petitioner again opposed. On September 7, 2021, the court denied the City's new trial motion and granted the City's election but modified the "election," requiring the City to pay the Judgment within two years. (Slavens Decl. ¶¶ 20-22.)

On September 21, 2021, the City filed a notice of appeal and Petitioner later cross-appealed. Within months, the parties began discussing a possible settlement of the case. After initial settlement discussions, the parties agreed to participate in the Court of Appeal's mediation program. The Court of Appeal appointed Mr. Bob Blum to mediate the parties' dispute. (Slavens Decl. ¶¶ 24-25.) On April 13, 2022, the parties reached an agreement in principle to, not only settle the pending gas utility claims, but also the tolled claims for rates set after the Judgment Class period. (Id. at ¶ 25.) The parties finalized the written settlement agreement in September 2022. (Id. at ¶ 26; SA.)

Upon executing the agreement, the parties filed a joint motion for stipulated reversal of the Judgment to return the case to this court for consideration of settlement approval. The Court of Appeal granted the motion and remittitur issued on March 27, 2023. Petitioner filed an amended

³ The Judgment applied to gas rates set in 2012, 2016 and 2018. (Slavens Decl. at ¶ 28.) But on June 17, 2019, June 22, 2020 and July 21, 2021 the City approved new gas rates. (*Ibid.*) Rather than further complicate this action, the parties tolled the statute of limitations on all claims relating to these new rates until after the 2016 Action. (*Ibid.*) These claims are included in the Settlement.

petition and complaint after securing leave of court. On April 19, 2023, the City answered. (Slavens Decl. at ¶¶ 27-29.) On July 5, 2023, the court granted Petitioner's motion for preliminary approval of the settlement and scheduled a final fairness hearing for December 21, 2023; the court scheduled Petitioners' motion for attorneys' fees, costs and incentive award for the same date. (Slavens Decl. at ¶¶ 30-31.)

ARGUMENT

I. CONSISTENT WITH ITS PRIOR ATTORNEYS' FEES ORDER, THE COURT SHOULD AWARD CLASS COUNSEL ATTORNEYS' FEES EQUAL TO 24.9% OF THE COMMON SETTLEMENT FUND

While the general American rule is that parties to lawsuits must bear the cost of their own attorneys, California recognizes an exception to the general rule when a party recovers or preserves monetary funds on behalf of others. (*Laffitte v. Robert Half International, Inc.* (2016) 1 Cal.5th 480, 488-489 ("*Laffitte*").) The United States Supreme Court approved this "common fund' approach in *Boeing Co. v. Van Gemert* (1980) 444 U.S. 472, recognizing that "a lawyer who recovers a common fund for the benefit of persons other than himself or his client is entitled to a reasonable attorney's fee from the fund as a whole," and that those who benefit from a lawsuit "without contributing to its cost are unjustly enriched at the successful litigant's expense." (*Id.* at p. 478.) This approach allows the court to prevent such inequity by "assessing attorney's fees against the entire fund, thus spreading fees proportionately among those benefited by the suit." (*Ibid.*) As the California Supreme Court held in *Laffitte*:

We join the overwhelming majority of federal and state courts in holding that when class action litigation establishes a monetary fund for the benefit of the class members, and the trial court in its equitable powers awards class counsel a fee out of that fund, the court may determine the amount of a reasonable fee by choosing an appropriate percentage of the fund created.

(*Laffitte*, *supra*, 1 Cal. 5th at p. 503.) In *Laffitte*, a unanimous Supreme Court explained that the common fund approach is "a valuable tool" for courts to utilize when a common fund is created. (*Ibid*.) The percentage method has "recognized advantages" over the lodestar-multiplier method, "including relative ease of calculation, alignment of incentives between counsel and the class, a better approximation of market conditions in a contingency case, and the encouragement it provides counsel to seek an early settlement and avoid unnecessarily prolonging the litigation." (*Ibid*.)

Here, Class Counsel has skillfully and diligently secured a common settlement fund in the amount of \$17,337,111 for the benefit of thousands of utility customers. For their efforts, Petitioner requests that the court award Class Counsel attorneys' fees in the amount of \$4,319,720.10, which is 24.9% of the common settlement fund (the other 0.1% being costs). Such a request is not only reasonable and supported by law but is consistent with this court's previous order awarding Class Counsel 25% of the judgment amount. (May 14, 2021 Fee Order at 4:11-16.)

A. Courts Routinely Award Fees That Exceed the Percentage Sought by Class Counsel

State courts in California routinely award attorney's fees above the percentage Petitioner requests here. (See, e.g., *Laffitte, supra*, 1 Cal.5th at pp. 485 [upholding an award of attorneys' fee equal to one-third of a class action settlement; *Chavez v. Netflix, Inc.*, (2008) 162 Cal.App.4th 43, 66 at n.11.) Moreover, attorneys' fees equal to 25% of the class recovery is below the rate negotiated in "typical contingency fee agreements [which] provide that class counsel will recover 33% if the case is resolved before trial and 40% if the case is tried." (*Fernandez v. Victoria Secret Stores LLC*, (C.D. Cal., July 21, 2008) 2008 WL 8150856, at *16, n. 59 [citing an academic study collecting contingency fee agreements and finding that a fee award constituting 34% of the fund is reasonable on that basis]; see also *In Re Pac. Enter. Sec. Litig.* (9th Cir. 1995) 47 F.3d 373, 378-79 [affirming attorneys' fee of 33% of the recovery]; *Vasquez v. Coast Valley Roofing, Inc.* (E.D. Cal. 2010) 266 F.R.D. 482, 492 [citing to five federal district courts decisions approving attorney fee awards ranging from 30% to 33% in class actions].) Because the requested attorneys' fee is below typical market rates, it is reasonable and should be approved.

While the court must conduct an independent inquiry into the reasonableness of the fee request, a 24.9% fee award is reasonable because Class Counsel took substantial risk litigating this case through judgment without payment or having any assurance they would be paid.

B. The Requested Attorneys' Fee Is Supported By Other Factors

In *Laffitte, supra*, our Supreme Court explained that the percentage-of-the-fund method of awarding attorney's fees is a "valuable tool that should not be denied our trial courts." (*Laffitte, supra*, 1 Cal.5th at p. 503.) *Laffitte* affirmed the trial court's decision to approve a one-third

1 a 2 o 3 tl 4 tl 5 c 6 a

attorneys' fee award, with the trial court having supplemented its own familiarity with the case "by obtaining additional information from class counsel on the risks and potential value of the litigation; the court carefully considered that information on contingency, novelty and difficulty together with the skill shown by counsel, the number of hours worked and the asserted hourly rates, which the court found were not overstated." (*Id.* at p. 504.) Here, these factors strongly weigh in favor of awarding attorneys' fees equal to 24.9% of the Settlement fund.

1. The Requested Attorneys' Fee is Strongly Supported by the Results Achieved Compared to the Potential Value of the Case

Courts may assess the reasonableness of a percentage-based award by examining the results achieved for the settlement class. Here, Class Counsel achieved a remarkable benefit for the class by securing a settlement of \$17,377,111, well above the original judgment amount. The Settlement amount is an impressive 80% of the maximum potential recovery had Petitioner succeeded on all gas rate claims, including the Tolled Claims, after years of additional litigation, appeals and uncertainty. (Slavens Decl. at ¶ 25.) Such an achievement is rare.

2. Class Counsel Litigated this Case on a Purely Contingent Basis

Where, as here, attorneys represent a class on a contingency fee basis, courts typically enhance the attorneys' lodestar in recognition of the risks taken and to ensure adequate representation for plaintiffs unable to afford the services of accomplished attorneys. (*Graham v. DaimlerChrysler Corp.* (2004) 34 Cal.4th 553, 580 ("*Graham*").) In *Ketchum*, the California Supreme Court instructed courts to adjust fee compensation to account for contingency risk:

'A lawyer who both bears the risk of not being paid and provides legal services is not receiving the fair market value of his work if he is paid only for the second of these functions. If he is paid no more, competent counsel will be reluctant to accept fee award cases.'

(Ketchum v. Moses (2001) 24 Cal.4th 1122, 1132-1133 ("Ketchum") [quoting Leubsdorf, The Contingency Factor in Attorney Fee Awards (1981) 90 Yale L.J. 473, 480].) A fee award that adjusts for contingent risk "constitutes earned compensation; unlike a windfall, it is neither unexpected nor fortuitous." (Id. at p. 1138.) The contingent risk factor is the single most important enhancement factor under California law even for actions where statutory fees are available. (See Horsford v.

Board of Trustees of Calif. State Univ. (2005) 132 Cal.App.4th 359, 399.) The main criterion for risk is that of a complete loss, which would leave counsel unable to recover fees after spending hundreds of hours litigating a case, while foregoing other opportunities. (See *Graham*, 34 Cal. 4th at p. 583.)

Here, Class Counsel has spent 1,645.2 hours and counting litigating this case over a period of nearly seven years through two trial phases, entry of judgment, post-judgment motions and the initiation of the appeals process without compensation and without any assurance they ever would be compensated. Such enormous risk justifies an enhanced attorneys' fee award.

3. The Requested Fee Reflects the Novelty and Complexity of the Case

This case involved novel questions of fact and law, was litigated through a bifurcated trial with multiple days of argument and resulted in a judgment against the City. And the case did not end there. Indeed, Class Counsel had to oppose the City's multiple post-judgment motions and begin the process of defending the case on appeal. The settlement of this action will "bring to a conclusion one of the most complex lawsuits in the city's recent history...," according to reporter Gennady Sheyner of Palo Alto Weekly.⁴

That this case was complex and novel is self-evident. Were the law well developed there would have been no reason to stay this case pending the *Redding* decision. While *Redding* resolved some questions under Proposition 26, it left many unanswered. Indeed, Proposition 26 was passed relatively recently in 2010 and there remain many open questions about its application. Here, the parties were left to develop arguments in this novel area of law, in particular on the question of damages. As the City stated in the first sentence of its opening brief at Phase II, "Proposition 26 and the authorities interpreting it provide little guidance for the Court and the parties on appropriate remedies...." Many issues continue to work their way through the appellate courts, with new case law arriving each year that may significantly impact Petitioner's claims. In the face of such exceptional risks, Class Counsel skillfully secured a \$17.3 million settlement for the benefit of thousands of Palo Alto gas utility customers.

⁴ See www.paloaltoonline.com/news/2022/09/06/palo-alto-reaches-settlement-in-suit-over-gastransfers, last visited on November 30, 2022.

4. The Fee is Supported by Counsel's Experience, Reputation, and Skill

Class Counsel are experienced class action attorneys with extensive knowledge and experience in Propositions 218 and 26 matters. (See Declaration of Prescott W. Littlefield in Support of Petitioners' Motion for Attorneys' Fees at ¶ 17; see also Slavens Decl. at ¶ 36 & Ex. E.) Indeed, Judge Walsh commended the fine work and professionalism on behalf of all attorneys working on this matter. (Littlefield Decl. at ¶ 17.) The impressive results achieved strongly demonstrate the experience and skill of Class Counsel.

II. LODESTAR CROSS-CHECK CONFIRMS THE REQUESTED ATTORNEYS' FEE IS FAIR AND REASONABLE

A trial court may use a lodestar multiplier cross-check for common fund awards if the court considers it useful. (Laffitte, supra, 1 Cal.5th at pp. 504-505.) However, under Laffitte, such cross-checks are not meant to displace the percentage analysis, but rather to act as a backstop. "[T]he lodestar calculation, when used in this manner, does not override the trial court's primary determination of the fee as a percentage of the common fund and thus does not impose an absolute maximum or minimum on the fee award." (Id. at p. 505.) Critically, Laffitte emphasized that only where the "multiplier calculated by means of a lodestar cross-check is extraordinarily high or low" should the court "consider whether the percentage should be adjusted so as to bring the imputed multiplier within a justifiable range." (Ibid. [emphasis added].) Furthermore, in conducting a lodestar cross-check, the court is not "required to closely scrutinize each claimed attorney-hour." (Ibid.) An evaluation may be done by reviewing "counsel declarations summarizing overall time spent." (Ibid.)

In conducting a lodestar cross-check, courts first determine a lodestar value by multiplying the time class counsel reasonably spent prosecuting the case by a reasonable hourly rate. (*In re Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 556-57.) As discussed next, Class Counsel's hourly rates and hours billed are reasonable and support the requested 24.9% attorneys' fee award.

A. Class Counsel's Declared Hours Are Reasonable

"Absent special circumstances rendering the award unjust, an attorney fee award should ordinarily include compensation for all the hours reasonably spent, including those relating solely to

the fee." (*Ketchum, supra*, 24 Cal.4th at p. 1133.) Hours are reasonable if "at the time rendered, [they] would have been undertaken by a reasonable and prudent lawyer to advance or protect his client's interest." (*Twin City Sportservice, Inc. v. Charles O. Finley & Co., Inc.* (9th Cir. 1982) 676 F.2d 1291, 1313.) "[T]he court should defer to the winning lawyer's professional judgment as to how much time he was required to spend on the case; after all, he won, and might not have, had he been more of a slacker." (*Kerkeles v. City of San Jose* (2015) 243 Cal.App.4th 88 [quoting *Moreno v. City of Sacramento* (9th Cir. 2008) 534 F.3d 1106, 1112].)

Declarations by counsel as to time spent are sufficient evidence in support of a requested attorneys' fee. (See *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 254-255 ("*Wershba*")[disapproved on other grounds by *Hernandez v. Restoration Hardware, Inc.* (2018) 4 Cal.5th 260]; "An experienced trial judge is in a position to assess the value of the professional services rendered in his or her court." (*Wershba, supra*, 91 Cal.App.4th at p. 255.)

Here, Class Counsel have submitted detailed declarations and their billing records for review, including declarations previously filed in support of Petitioner's prior motion for attorneys' fees filed on March 11, 2021 which formed the basis for the court's prior attorneys' fee award. Class Counsel has spent more than 1,645 hours prosecuting this action. Specifically, Class Counsel handled every aspect of this complex class action through two phases of trial, judgment, multiple post-judgment motions, class notice, the initiation of appeals, settlement negotiations and mediation, preparation and negotiation of a fifty-one page class action settlement agreement (excluding exhibits), facilitation of the return of the case back to this court, preparation and filing of an amended petition and complaint, preparation and filing of a motion for preliminary approval, and attendance at all required court hearings. Considering the time required to litigate this case and overcome the procedural, evidentiary and legal hurdles placed in their way, Class Counsel's time reflects a level of efficiency and economy well within acceptable bounds. Indeed, the court has already accepted Class Counsel's declared hours in connection with the attorneys' fees awarded following entry of

See Exhibit A to each of Petitioner's Counsel's declarations filed on March 11, 2021 in support of Petitioner's previous Motion for Attorney's fees, including declarations from Petitioner's attorneys Prescott W. Littlefield, Vincent D. Slavens, Moris Davidovitz, Roland R. Stevens, Gene J.

Stonebarger and Richard D. Lambert, each of which is attached to the Compendium of Previously Submitted Attorney Declarations ("Compendium of Declarations") filed herewith.

judgment. (May 14, 2021 Fee Order, 7:1-11 [holding that "the hours expended and hourly rates [are] reasonable..."].) The additional time Class Counsel has spent on this matter is well within reason. (See e.g. Littlefield Decl. at Ex. B; see Slavens Decl. at ¶¶ 18-34, Ex. D.)

B. Class Counsel's Hourly Rates are Reasonable

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

The hourly rates used in calculating the lodestar portion of a reasonable attorneys' fee must be based on hourly rates charged by private attorneys of comparable experience, expertise, and reputation for comparable work. (Serrano v. Unruh (1982) 32 Cal.3d 621, 643-644; PLCM Group, Inc. v. Drexler (2000) 22 Cal.4th 1084, 1095-1096 ("PLCM Group"); Graham, supra, 34 Cal.4th at pp. 578-579; Children's Hospital and Medical Center v. Bonta, (2002) 97 Cal.App.4th 740, 783 ("Children's Hospital").) The rates claimed are reasonable so long as they are within the range of hourly rates charged by attorneys of comparable experience, reputation, and ability for similar litigation in the locale. (Ketchum, supra, 24 Cal.4th at p. 1133; Children's Hospital at p. 783 [affirming rates that were "within the range of reasonable rates charged by and judicially awarded comparable attorneys for comparable work"].) A reasonable hourly rate is the prevailing rate charged by attorneys of similar skill and experience in the relevant community. (PLCM Group at p. 1095.) The court may consider other factors when determining reasonable hourly rates, e.g., the attorney's skill and experience, the nature of the work performed, the relevant area of expertise and the attorney's customary billing rates. (Flannery v. California Highway Patrol (1998) 61 Cal.App.4th 629, 644, n. 6.) In addition, the court may rely on its own knowledge and familiarity with the legal market in setting a reasonable hourly rate. (Heritage Pacific Financial, LLC v. Monroy (2013) 215 Cal.App.4th 972, 1009.)

Here, this court has previously approved the hourly rates Class Counsel proposes here, with the sole exception of Littlefield's billing rate increasing from \$700 in 2021 to \$750. (May 14, 2021 Fee Order, 7:1-11.) Class Counsel's skill and experience justify the requested rates. (See Section III(B)(4), *supra*.) In addition, this court is familiar with the Bay Area market for attorneys' fees (*id*. at 7:9-11), and the amounts requested are consistent with the market rates. Given their expertise and skill, the court should approve their requested hourly rates attached to the compendium of declarations filed on March 11, 2021, submitted herewith, as follows:

Table 1: Pre-Judgment Attorneys' Fees

Attorney	Hours	Rate	Lodestar
Vincent D. Slavens	537.3	\$850	\$456,705
Eric Benink	9.7	\$850	\$8,245
Prescott W. Littlefield	289.2	\$700	\$202,440
Roland Stevens	138.8	\$850	\$117,980
Moris Davidovitz	44.8	\$700	\$31,360
Gene Stonebarger	12.2	\$850	\$10,370
Richard D. Lambert	42.2	\$700	\$29,540
Totals:	1,074.2		\$856,640

(See Compendium of Declarations; see also May 14, 2021 Fee Order at 7:3 ["the Court finds the hours expended and hourly rates to be reasonable"].)

Since the court entered judgment in 2021, Class Counsel have dedicated substantially more hours to extensive post-judgment litigation, appellate work and work relating to negotiating and drafting the settlement, returning the case to the trial court to consider settlement approval, amending the petition and complaint, securing preliminary approval of the settlement, and ensuring proper notice to the class, as detailed below:

Table 2: Post-Judgment Attorneys' Fees

Attorney	Hours	Rate	Lodestar
Vincent D. Slavens	398.6	\$850	\$338,810
Prescott W. Littlefield	172.4	\$750	\$129,300
Totals:	571		\$486,110

(Slavens Decl. ¶ 3 & Ex. D; Littlefield Decl. ¶ 3, Ex. B.) In total, between the hours already found reasonable and the hours dedicated since then, Class Counsel's total lodestar is \$1,324,750.00.

C. The Lodestar Multiplier, which is <u>Below</u> What This Court Previously Approved, Supports a 24.9% Attorneys' Fee Award

Once the lodestar is calculated, it may be enhanced with a multiplier. (*Wershba*, *supra*, 91 Cal.App.4th at p. 254.) The objective of a multiplier is to incentivize lawyers involved in public interest litigation. (*Ketchum*, *supra*, 24 Cal.4th at pp. 1132-1133.) "If this 'bonus' methodology

10 11

12 13

14 15

16

17 18

19

20 21

22

23

24

25

26

27

28

did not exist, very few lawyers could take on the representation of a class client given the investment of substantial time, effort, and money, especially in light of the risks of recovering nothing." (In re Washington Public Power Supply System Sec. Litig. (9th Cir. 1994) 19 F.3d 1291, 1300 [quoting Behrens v. Wometco Enterprises, Inc. (S.D. Fla. 1988) 118 F.R.D. 534, 548, aff'd sub nom. (11th Cir. 1990) 899 F.2d 21].) Only when courts properly compensate experienced counsel for successful results, such as those here, can they assure the continuing effectiveness of class actions. To accomplish this objective, the fee award must be large enough "to entice competent counsel to undertake difficult public interest cases." (Margolin v. Regional Planning Com. (1982) 134 Cal.App.3d 999, 1004.)

As shown above, multiplying the total hours billed by Class Counsel by their reasonable hourly rates yields a lodestar of \$1,324,750. (See Tables 1 and 2, *supra*.) In its prior order awarding attorneys' fees at the time of judgment, the court applied a 3.68 multiplier to Class Counsel's lodestar to arrive at a total attorneys' fee awarded of \$3,154,627.50. (May 14, 2021 Fee Order at 5:8-10.) Class Counsel's requested fee divided by their current lodestar results in a multiplier of 3.26, well below what this court previously approved.

The requested lodestar multiplier is well within a normal range for a lodestar cross-check. (See Wershba, supra, 91 Cal.App.4th at 255 [observing that multipliers "can range from 2 to 4 or even higher."]; Vizcaino v. Microsoft Corp. (9th Cir. 2002) 290 F.3d 1043, 1051 [affirming fees where the cross-check multiplier is 3.65 after examining a comprehensive study of fees awarded by the percentage method]; Parkinson v. Hyundai Motor Am. (C.D. Cal. 2010) 796 F.Supp.2d 1160, 1170.)

Applying a multiplier in this case is more than reasonable considering: (1) the great risk Class Counsel took in litigating this case on an entirely contingent basis; (2) the substantial outlay of time; (3) the complex and consistently evolving case law under the claims alleged; (4) the exceptional results; and (5) the long delay in being compensated.

III. THE REOUESTED LITIGATION AND NOTICE COSTS ARE REASONABLE

Class Counsel seeks reimbursement of \$7,597.65 in litigation costs and \$6,960 judgment class notice costs. The costs consist of the following:

Table 3: Litigation and Judgment Class Notice Costs

Filing and Motion Fees:	\$2,140.06
Service of Process	\$65.00
Court Reporter Fees	\$1,542.22
Fees for Electronic Filing or Service	\$1,564.04
Court Call and Remote Appearance Fees	\$1,204.00
Meals and Travel Expense	\$1,082.33
Judgment Class Notice Costs	\$6,960.00
Total Costs:	\$14,557.65

The judgment class notice costs were previously approved by the court in 2021 to be paid out of the judgment common fund; the remaining costs were submitted in a memorandum of costs and included in the prior judgment without objection from the City. (See Littlefield Decl. ¶ 24; Slavens Decl. ¶ 20, Ex. B; May 14, 2021 Fee Order; Judgment.)

IV. THE REQUESTED INCENTIVE AWARD IS REASONABLE

Petitioner requests a \$7,500 incentive award as compensation for her service as Class Representative. Courts routinely approve such payments to compensate class representatives for services provided and risks faced as a named party to a class actions. Incentive awards are "intended to compensate class representatives for work done on behalf of the class, to make up for financial or reputational risk undertaken in bringing the action, and, sometimes, to recognize their willingness to act as a private attorney general." (*Cellphone Termination Fee Cases*, (2010) 186 Cal.App.4th 1380, 1393-1394 [quoting *Rodriguez v. West Publishing Corp.* (9th Cir. 2009) 563 F.3d 948, 958–959].) In addition to the risk and expenses incurred, courts may also consider the notoriety and personal difficulties encountered by the class representative due to the litigation. (See *Van Vranken v. Atl. Richfield* (N.D. Cal. 1995) 901 F.Supp. 294, 299.)

Because this case was brought as a writ of mandate as well as a class action, Petitioner had to publicly verify the initial and subsequent complaints under penalty of perjury. This required a detailed review of all allegations within the complaints and extensive discussions with class counsel prior to verification. To be sure, Petitioner has been closely involved in this action and responsive

to counsel's inquiries, taking an active interest in the case. (Littlefield Decl. ¶ 25; see also Declaration of Miriam Green in Support of Motion for Attorneys' Fees, Costs, and Incentive Award ("Green Decl.").) Petitioner spent at least 20 hours communicating with counsel about this case prior to the initial judgment, including at the initiation of the lawsuit, through all major developments, and through judgment. (Green Decl. ¶ 3.) Even after judgment was entered, Petitioner remained intimately involved with the litigation, attended the mediation on appeal, and has been in contact throughout the settlement and notice procedure. (*Id.* at ¶ 5) Petitioner has been one of the most engaged class representatives Class Counsel has represented. (Littlefield Decl. ¶ 25.) Increasing the previous enhancement award from \$5,000 to \$7,500 is quite appropriate for Petitioner's efforts in this matter.

CONCLUSION

The requested attemptive' fee of \$4,319,720.10 (representing 24.0% of the settlement fund

The requested attorneys' fee of \$4,319,720.10 (representing 24.9% of the settlement fund and a lodestar multiplier of 3.26) has been earned by competent, qualified Class Counsel. The amount sought is fair and reasonable considering the risks involved and benefits achieved, as well as the time spent vigorously litigating this hotly contested case through judgment, post-judgment and on appeal, and throughout the lengthy settlement process. The requested reimbursement of litigation and class notice costs of \$14,557.65 is fair and reasonable considering this multi-year, complex class litigation. Likewise, the requested \$7,500 incentive award is warranted considering the risks and burdens borne by Petitioner, as the appointed Class Representative, in this litigation. As such, Class Counsel and the Class Representative respectfully request the court grant this Motion and order payment of attorneys' fees, costs, and incentive award from the common settlement fund in accordance with the terms of the Settlement Agreement.

DATED: September 21, 2023 Respectfully submitted,

KEARNEY LITTLEFIELD, LLP

By:

Prescott W. Littlefield Attorneys for Petitioner/Plaintiff