

#### E-FILED CNMI SUPERIOR COURT

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Case Number: 22-0103-CV

#### IN THE SUPERIOR COURT FOR THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

ANAKS OCEAN VIEW HILL SAIPAN ) HOMEOWNERS' ASSOCIATION, LTD.,	CIVIL ACTION NO. 22-0103
Petitioner,	
vs.	ORDER ON PETITION FOR JUDICIAL REVIEW OF
PERRY INOS, JR., et al.,	AGENCY ACTION
Respondents.	

#### I. INTRODUCTION

BEFORE THIS COURT is Petitioner ANAKS Ocean View Hill Saipan Homeowners' Association, Ltd.'s ("Petitioner" or "ANAKS") brief in support of its Petition for Review of Commonwealth Zoning Board Order for Conditional Use Permit, to Set Aside and to Compel Agency Action Under the APA, and for Injunctive Relief, filed on October 2, 2023 ("ANAKS's Opening Brief"). The Commonwealth Zoning Board ("Respondents" or the "Zoning Board") and Intervenor Atkins Kroll Saipan, Inc. ("AK") filed responses to ANAKS's Opening Brief on October 23, 2023 (respectively, "Zoning Board's Response Brief" and "AK's Response Brief"). Albert LG. Camacho and Paul William Camacho as Trustees of Lot E.A. 896 ("Trustees") filed a joinder to the Zoning Board's and AK's Response Briefs on October 23, 2023. ANAKS filed a consolidated reply brief on November 13, 2023 ("ANAKS's Reply Brief").

The Court heard oral arguments on the parties' briefs on November 14, 2023. Attorneys Kathryn B. Fuller and Colin M. Thompson appeared on behalf of ANAKS. Chief Solicitor J. Robert Glass Jr. appeared via Microsoft Teams on behalf of the Zoning

Board. Attorneys Sean E. Frink and Rodney J. Jacob appeared on behalf of AK. Attorney Joey P. San Nicolas appeared on behalf of the Trustees.

Based upon a review of the arguments, filings, and relevant law, and for the reasons stated herein, the Court <u>AFFIRMS</u> the Zoning Board's decision to grant Conditional Use Permit No. 2020-10382, <u>AFFIRMS</u> Zoning Board Order No. 2022-1-03, and <u>DENIES</u> the relief sought in ANAKS's Petition for Judicial Review.

#### II. STATEMENT OF FACTS

Because ANAKS's claims for judicial review involve, *inter alia*, the Zoning Board's alleged failure to afford it due process and alleged failure, entirely, to consider the crucial aspect of compatibility under Saipan Zoning Law § 702, the Court finds it necessary to outline the proceedings and submissions below in some detail.

#### A. AK's Project, ANAKS, and the Surrounding Area

On December 17, 2021, AK filed an application for a conditional use permit for the development of a Toyota Lexus car dealership and vehicle repair facility on Lot EA 896-R1 in Puerto Rico, Saipan (the "Property"). Ex. 5, 8.1 The Property sits in a **Mixed Commercial**<sup>2</sup> district pursuant to the Amended Saipan Zoning Law of 2013 ("SZL"). Ex. 7-002. Adjacent to the Property is ANAKS, a gated residential community comprising 131 residential units that house approximately 170 residents. Pet. ¶ 4. ANAKS is situated on a bluff approximately 18 to 23 feet above the Property. Ex. 8-046. The ANAKS property is also zoned as **Mixed Commercial**. Pet. ¶ 12.

The surrounding zoning districts are Public Resource, Industrial, and Rural. Ex. 7-004. Immediately to the south of ANAKS and the Property is one of the largest office complexes on Saipan, containing numerous federal government offices. AK's Opposition to Petitioner's Motion to Stay (filed May 16, 2023) at 13 fn.4. Directly across the road is

<sup>1</sup> All references to exhibits refer to exhibits in the Certified Record. *See* Certification of Record and Exhibits 1-29 (filed August 31, 2023); Stipulation to Add Documents to the Certified Record and Exhibits 30-34 (filed September 14, 2023).

<sup>&</sup>lt;sup>2</sup> "This district provides for a broad spectrum of commercial development that requires a moderate to high level of vehicular access and for low to moderate density residential development." SZL § 507(a).

the U.S. Army Reserve Center, where military firearms, explosives, armament, heavy equipment, and ammunition are regularly stored and used for training troops. *Id.* Further west sits the former municipal dump, which was converted into Eloy S. Inos Peace Park in 2017. *Id.* Directly north of that is a tank farm, which stores and ships almost all of the petrochemicals used on Saipan. *Id.* To the east of the former dump are numerous storage yards and heavy equipment and construction supply staging areas. *Id.* And just north of the Property is a CUC power plant. *Id.* 

AK's project can be broken down into two parts: (i) the **car dealership** portion and (ii) the **vehicle repair** portion. Under the SZL, the entire proposed development falls under the category of "Retail Sales and Services," with the car dealership portion falling under the subcategory of "Automobile Sales and Services" and the vehicle repair portion falling under the subcategory of "Vehicle Repair, General." SZL § 404, Table 1. In a Mixed Commercial district, such as the one ANAKS and the Property are in, automobile sales and services are a permitted use (i.e., allowed as of right) and require no special permits. *Id.* Accordingly, AK did not need to apply for a conditional use permit for the car dealership portion of its project. General vehicle repair, however, is only conditionally allowed in Mixed Commercial districts and requires obtaining a conditional use permit.<sup>3</sup>

#### B. AK's Application for a Conditional Use Permit

On December 17, 2021, AK applied for a conditional use permit for the vehicle repair portion of its project, which would include 27 vehicle service bays – including two commercial bays for school buses and other commercial vehicles – and a dedicated area for paint and body work. Ex. 5, 8.

Among other things, AK's initial application for a conditional use permit addresses the project's compatibility with the surrounding area, mitigation of adverse environmental impacts, and the public health, safety, and welfare. *See generally* Ex. 8.

<sup>&</sup>lt;sup>3</sup> General vehicle repair is only a permitted use (i.e., allowed as of right) in Industrial zones. SZL § 404, Table 1.

As to land use compatibility generally, the application states: "Although the proposed development is in a mixed commercial area, the site is located in very close proximity to one of the two largest areas permitted for industrial use. The close proximity from the site to the seaport provides a more direct access for the transport of shipped vehicles to the dealership. As a result, travel time, traffic congestion due to transporting of vehicles, and fuel consumption is reduced." Ex. 8-005.

With regard to ANAKS specifically, the application states: "During the design process, it was important to avoid obstruction of the viewpoint from the Anaks property. A cross section of the site development plan shows the building height in relation to the surrounding elevations. A 15-foot buffer is provided along the rear of the property adjacent to the Anaks subdivision complex and retaining walls are provided where necessary." Ex. 8-004.

Under a section titled "General Requirements for Conditional Use," the application also addresses:

- "Protection of Surrounding Properties and Adjoining Zoning Districts" (discussing providing buffers such as retaining walls to protect adjacent properties like ANAKS);
- "Public Facilities" (discussing adequacy of public water, sewer, power, and traffic facilities to support the proposed development);
- "Traffic Congestion" (discussing traffic study being conducted to determine whether the proposed development requires any modifications or improvements);
- "Health, Safety, Welfare" (discussing retention of licensed professionals to ensure compliance with health and safety codes and capacity of the proposed development to withstand wind, seismic, flooding, and fire events); and
- "Environmental Mitigation Measures" (discussing mitigation of pollution, stormwater runoff, erosion, noise, dust, waste, spills, and hazardous materials).

Ex. 8-005 - 8-008.

### C. The Zoning Administrator's Memo

On January 12, 2022, the Zoning Administrator prepared a memorandum evaluating AK's conditional use application and proposed development "for compliance with the

Amended 2013 Saipan Zoning Law" ("Administrator's Memo"). Ex. 7-001. Included in the Administrator's Memo is an analysis of the project's compliance with SZL § 702 (entitled "General Requirements for All Conditional Uses"), which requires that all conditional uses "be compatible with the existing or allowable uses of adjacent properties and surrounding neighborhood" and that they "adequately avoid or mitigate unacceptable significant adverse impacts" to the environment, including noise, air, traffic, and other factors. Ex. 7-004 – 7-005; *see also* SZL §§ 702(a)-(h).

With regard to SZL § 702(b) specifically, which requires that all conditional uses "be compatible with the existing or allowable uses of adjacent properties and surrounding neighborhood," the Administrator's Memo states: "The proposed development is compatible with existing developments adjoining the property; Uses in the adjacent properties include Single-Family Dwellings, Commercial Businesses and parks. The surrounding zoning district are public resource, industrial and rural." Ex. 7-004.

The Administrator's Memo concludes: "The Zoning staff has concluded their review of the proposed use for the conditional use permit submitted by [AK] and finds it acceptable to the Amended Saipan Zoning Law of 2013. Should the Zoning Board approve the Conditional Use application for [AK], the Zoning staff recommends the following conditions . . ." Ex. 7-006. The Administrator's Memo then lists 17 suggested conditions relating to noise level, odor, light, dust, trash, waste, debris, fencing, landscaping, parking, traffic flow, signage, and compliance with the requirements of all other local and federal regulatory agencies and tax laws. Ex. 7-006 – 7-007.

#### D. The January 19, 2022 Zoning Board Meeting

On January 19, 2022, the Zoning Board held a public meeting to discuss and evaluate, *inter alia*, AK's conditional use application. Ex. 18, 19. At the meeting, the consultant for AK's project, Sonya Pangelinan Dancoe, gave an overview of the project and the surrounding land uses and discussed AK's efforts to work with other agencies such as the Division of Fish and Wildlife ("DFW") and the Bureau of Environmental Quality ("BECQ") to mitigate environmental concerns. Ex. 18-018 – 18-019. The designer of the

project, Neil Paynter, discussed the building design, landscaping buffers, setbacks, and height. Ex. 18-019 – 18-022. He also discussed AK's plans to mitigate any possible environmental concerns, compliance with Environmental Protection Agency ("EPA") regulations, and what AK planned to present to the Division of Environmental Quality ("DEQ"). Ex. 18-023 – 18-027.

Several ANAKS residents, including its President Larry Lee, were present at the January 19 meeting to share their concerns about the proposed project and to request additional time to review and respond to AK's application. Ex. 18-046 – 18-064; 19-005. The ANAKS residents shared their concerns that hazardous waste produced by AK's project might poison their groundwater wells; that the chemicals used by the repair facility would be carcinogenic and generate environmental pollution; that the buffer zone would not be sufficient to protect residents from the additional noise generated by the repair facility; that AK's project would lead to increased traffic and decreased property value; and that a vehicle repair facility generally does not belong next to a residential community. Ex. 18-046 – 18-064.

After hearing all the testimony, the Zoning Board Chairman asked AK to respond to some of the ANAKS residents' concerns and paused the session to get advice from legal counsel on "the matter of Section 702 and the legal parameters around that particular subject." Ex. 18-072. The Chairman acknowledged that "we're trying to address Section 702, the Zoning Law which is basically how does the project affect public health, safety, and welfare of the surrounding[s]. So, [that's] the reason why for all these questions. Yes, we are not CRM or DEQ . . . but it is a surrounding neighborhood . . . and it's really necessary to consider those conditions." Ex. 18-037.

The Board then voted to table the decision "until [AK] can provide the Zoning Office and the Board a traffic study and any additional information that addresses the public comments that were shared today." Ex. 18-075. The Chairman then thanked the public and confirmed that "[a]ll the concerns were heard from both the developer as well as the public" and that the Board wanted "as much information" as it could get to "make a

sound decision" in consideration of "how everybody [] is impacted, both the developer side as well as the resident side." Ex. 18-076.

#### E. AK's Supplemental Report Concerning SZL § 702

On February 23, 2022, AK supplemented its initial application with a 28-page (inclusive of appendices) "Follow Up Response to [the January 19] Public Hearing" addressing "[the January 19] public hearing testimony within the context of Article 7, Section 702, (a) through (h) of the Amended Saipan Zoning Law of 2013." Ex. 8-043.

The report discusses how AK's project meets each of the eight requirements of § 702, including the project's compatibility with existing or allowable uses of adjacent properties and AK's efforts to avoid or mitigate adverse environmental impacts<sup>4</sup> and take into consideration the public health, safety, and welfare<sup>5</sup>. The report includes the following five appendices: (1) Noise Study Report Considerations; (2) Hazardous Air Pollution Mitigation Considerations; (3) Storm Water Management and Oil - Water Separator; (4) Vehicular Traffic Analysis Report; and (5) Viewshed Analysis. Ex. 8-053 – 8-069.

With regard to SZL § 702(b) specifically, which requires that all conditional uses "be compatible with the existing or allowable uses of adjacent properties and surrounding neighborhood," the report states: "[A]lthough the Property is zoned Mixed Commercial, it is across from one of the two largest industrial areas on Saipan and very near to another Industrial zoned property on the same side of Chalan Pale Arnold. Consequently, all surrounding properties are zoned either mixed commercial or industrial land uses and, therefore, generally compatible, except for Anaks Condominiums. However, Anaks Condominiums are situated on a bluff, approximately 18' to 23' above the Property. The Project's design capitalizes on that difference in elevation to mitigate view shed and other issues." Ex. 8-046.

<sup>&</sup>lt;sup>4</sup> Ex. 8-046 – 8-049 (discussing noise mitigation measures, site lighting mitigation measures, hazardous air pollution mitigation measures), 8-050 – 8-052 (suggesting conditions of approval relating to traffic congestion, spill prevention, noise mitigation, light pollution mitigation, storm water disposal and oil-water separation process, viewshed protection, etc.).

<sup>&</sup>lt;sup>5</sup> Ex. 8-050 – 8-051 (discussing the remote possibility of contaminating nearby water wells).

#### F. The March 9, 2022 Zoning Board Meeting

On March 9, 2022, the Zoning Board held a second public meeting to, *inter alia*, continue discussing and evaluating AK's conditional use application. Ex. 21, 22. ANAKS President Larry Lee, attorney Matthew Gregory, and several residents were present at the meeting. *Id.* At the meeting, the designer of AK's project, Neil Paynter, presented on AK's supplemental report and additional studies. Ex. 21-008 – 21-013; 22-003 – 22-005.

The Zoning Administrator informed the Zoning Board that she received a call from Attorney Kathryn Fuller, who had just been retained by ANAKS, requesting additional time to review the supplemental report and appendices submitted by AK. Ex. 21-009. The Zoning Administrator also read into the record Ms. Fuller's letter to the Zoning Board, in which she requests a formal contested case hearing and an additional 60 days before the Board makes its decision on AK's application. Ex. 21-013 – 21-019.

The Zoning Board decided to table the decision once more until March 18, 2022 for a special hearing to allow ANAKS additional time to review and respond to AK's materials. Ex. 21-023 – 21-025.

#### G. ANAKS's and AK's Additional Submissions to the Zoning Board

AK and ANAKS made multiple submissions to the Zoning Board in advance of the March 18 special meeting.

On March 17, 2022, in response to additional concerns raised at the March 9 meeting, AK supplemented its February 23 report regarding the requirements of SZL § 702 with two letters. Ex. 8-074 – 8-076; 8-078 – 8-107. These letters specifically address ANAKS's viewshed and lighting concerns as well as stormwater, oil, fuel, and gas management. *Id*.

Also on March 17, 2022, ANAKS submitted a 22-page "Memorandum of Points and Authorities in Opposition to [AK's] Conditional Use Application," in which ANAKS "outline[s] the potential substantial impacts to [the ANAKS property] and tr[ies] to highlight the proposed Facility's essential incompatibility under the SZL." Ex. 24-005.

 The memorandum points out several perceived flaws with AK's initial application and its "Follow Up Response to [the January 19] Public Hearing." *Id*.

ANAKS concurrently submitted a 9-page Technical Memorandum from GHD rebutting the points raised in AK's application as to SZL § 702. Ex. 30-001 – 30-009. The Technical Memorandum concludes: "[W]e believe issuing a decision on the permit application would be premature at this time." Ex. 30-009.

On March 18, 2022, ahead of the special meeting, AK submitted an 11-page response to ANAKS's Memorandum of Points and Authorities, reiterating the project's compatibility with SZL § 702 and rebutting what it perceived to be "gross generalizations and misstatements of [] the Zoning Board's obligations" by ANAKS. Ex. 26-008. AK's response concludes, "Atkins Kroll respectfully requests that the Zoning Board apply the standards in the Saipan Zoning Law, particularly those set forth in Section 702, and grant AK's Conditional Use Permit Application at the meeting tonight." Ex. 26-011.

On March 18, 2022, ANAKS's counsel Kathryn Fuller also submitted proposed conditions to be incorporated into AK's conditional use permit should it be approved. Ex. 32. AK submitted a response to ANAKS's proposed conditions, accepting some and suggesting changes to others. Ex. 33, 34.

#### H. The March 18, 2022 Special Meeting and Approval of AK's Application

On the evening of March 18, 2022, the Zoning Board held a special meeting to further discuss and decide on AK's application for a conditional use permit. Ex. 20, 23. Several members of the ANAKS community were present, including its President Larry Lee and counsel Matthew Gregory, who reiterated their concerns about the inherent incompatibility of the project and asked that AK's application be denied or that the decision be delayed further to give ANAKS more time to oppose the project. *Id*.

Mr. Lee stated to the Zoning Board, "I think you guys have enough information to make your decision and it comes down to one deciding factor, in my mind, and this is straight from the Saipan Zoning Law of 2013, Section 702(b), right?" Ex. 20-020. Mr. Gregory appeared to agree that "the Board does have much more information in front of

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them today to make a decision" but maintained that AK had nevertheless failed to prove that its project is compatible with the existing ANAKS community. Ex. 20-014.

Following public comments, the Chairman of the Zoning Board stated that he and the Zoning Board had reviewed the comprehensive plan and studies "in depth[]." Ex. 20-026. He stated that he was as yet undecided and that he was "looking at all the facts and prospects," including studies relating to the noise impact of wrenches and generators, the type of paint booth that would be used, the type of filtration system that would be used, and the type of insulation that would be used for noise reduction. Ex. 20-027. The Chairman and Vice Chairman then asked AK to address their concerns about noise generated by the project and air pollution caused by the paint booths. Ex. 20-028-20-029.

Rob Jordan, a certified industrial hygienist hired by AK to collect data regarding sound and air quality, explained federal and local regulations regarding paint booth operations and AK's plan to use a "control strapped paint booth . . . provisioned with very high-end efficient scrubbers or filters" that he was confident would "comply[] with all the regulations." Ex. 20-029 – 20-032. Neil Paynter, AK's project designer, explained that the building would be fully enclosed within concrete walls to mitigate noise and, further, that AK would attempt to "isolate [equipment] from the ground, so that noise doesn't transfer through to structure to the exterior." Ex. 20-036 - 20-037.

The Chairman called for a recess. Ex. 20-037. Upon reconvening, the Zoning Board Secretary thanked everybody for their participation and noted that "we have reviewed documents forwarded to us from both stakeholders and landowners." Ex. 20-038. The Zoning Board proceeded with the vote and unanimously voted to approve AK's application subject to 19 conditions. Ex. 20-041-20-043.

#### I. AK's Conditional Use Permit and Zoning Board Order No. 2022-1-03

On April 13, 2022, the Zoning Office issued Conditional Use Permit No. 2020-10382 (the "CUP") to AK. Ex. 25. The CUP describes the project, attaches the Zoning Administrator's memo, and imposes the following 19 conditions previously discussed at the March 18 special meeting:

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- 1. Applicant shall comply with the requirements from all other local and federal regulatory agencies having jurisdiction over this project.
- 2. Applicant shall employ proper measures to control the noise level from reaching unacceptable levels beyond its property lines.
- 3. Applicant shall ensure that its operation does not generate noise, odor, light and dust that will affect the neighborhood.
- 4. There shall be no parking of heavy equipment[] or vehicles on the public streets or Right-of-Way areas at any given time.
- 5. Applicant shall apply for a Zoning Temporary Use Permit from the Zoning Office prior to installing a safety perimeter fence to screen construction activities.
- 6. Applicant shall only develop the site in accordance with the plans submitted to and approved by the Zoning Board. Changes to development requires the applicant to obtain an amended Conditional Use permit.
- 7. Applicant shall improve its parking area and designate clearly marked parking stalls in front of its establishment which conforms to parking requirements of the Amended Saipan Zoning Law 2013, within 10 days after obtaining an approved Occupancy Permit Clearance from the Department of Public Works.
- 8. Applicant shall clearly mark its entrance/exit signs and employ traffic directional markers for safe travel flow.
- 9. Applicant shall keep it premise and immediate surrounding areas clean and free from trash, waste, debris, solid waste, or dilapidated junk vehicles and shall screen any trash bins from public view.
- 10. Applicant shall employ Type B landscaping on the front of its establishment fronting the Right of Ways for visual and aesthetic purposes.
- 11. Applicant shall landscape the site in accordance to the landscaping plans submitted to and approved by the Zoning Board.
- 12. Applicant shall comply with all CNMI Business Tax Laws.
- 13. Applicant shall submit an approved BECQ-DEQ layout of its waste management systems.
- 14. Applicant shall apply for a Zoning Minor Site Plan and complete the permitting process before installing any perimeter fencing.
- 15. The applicant shall apply for a Zoning Sign Permit and complete the permitting process before installing or constructing any business advertisement signages.
- 16. Applicant shall remove all property postings Three (3) days after the public hearing.
- 17. The applicant shall reduce the Commercial Bay Structure to 42 feet.

- 18. The applicant shall maintain decibel levels as reported and submitted to the Zoning Office, within its property lines.
- 19. If any of the approved conditions are not followed, the applicant shall have its Conditional Use Permit Revoked, plus a \$1,000.00 fine per day of noncompliance.

Ex. 25-002 - 25-003.

On April 21, 2022, the Zoning Office issued Zoning Board Order No. 2022-1-03 ("TITLE: To Approve Conditional Use Atkins Kroll Saipan Inc. – File No. 2020-10382"). Ex. 10.

#### J. ANAKS's Petition for Judicial Review and the Court's Denial of a Stay

On May 13, 2022, ANAKS filed its petition seeking judicial review of the Zoning Board's decision to approve AK's CUP application (the "Petition"). The Petition requests, *inter alia*, that "the Court issue a preliminary injunction prohibiting construction on Lot EA 496-R1 under Conditional Use Permit 2020-10382 until the conclusion of this action" and revocation of the CUP, or in the alternative, that the matter be remanded to the Zoning Board for further proceedings in compliance with its statutory obligations. Pet. at 24.

On May 5, 2023, ANAKS filed a Motion for Stay of Agency Action Pursuant to NMI R. P. Admin. App. 3 and 1 CMC § 9112. After full briefing and oral arguments, the Court issued an order denying ANAKS's motion on the basis that "ANAKS ha[d] not met its burden of showing a combination of probable success on the merits and the possibility of irreparable injury." *See* Order Denying Motion for Stay of Agency Action (filed July 7, 2023).

#### III. LEGAL STANDARD

The Administrative Procedure Act provides that "[t]o the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action." 1 CMC § 9112(f). Among its power of judicial review, the reviewing court may (1) compel agency action unlawfully withheld or unreasonably delayed and (2) hold unlawful and set aside agency action, findings, and conclusions found to be:

- (i) Arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;
- (ii) Contrary to constitutional right, power, privilege, or immunity;
- (iii) In excess of statutory jurisdiction, authority or limitations, or short of statutory right;
- (iv) Without observance of procedures required by law;
- (v) Unsupported by substantial evidence in a case subject to 1 CMC §§ 9108 and 9109 or otherwise reviewed on the record of an agency hearing provided by statute; or
- (vi) Unwarranted by the facts to the extent the facts are subject to trial de novo by the reviewing court. *Id*.

The court reviews questions of law de novo. *RNV Constr. v. GPPC, Inc.*, 2021 MP  $13 \, \P \, 9$ .

#### IV. DISCUSSION

### A. The Law-of-the-Case Doctrine Is Inapplicable With Regard to This Court's Prior Ruling on ANAKS's Motion for Stay.

AK and the Zoning Board invoke the law-of-the-case doctrine to argue that (i) the Court's July 7, 2023 Order Denying Motion for Stay of Agency Action conclusively resolved several claims in ANAKS's Petition and that (ii) therefore the parties are now bound by the Court's prior ruling. AK's Resp. Br. at 7-8; ZB's Resp. Br. at 7-8. ANAKS takes the position that the law-of-the-case doctrine is inapplicable at this stage in the proceedings because "the Superior Court's denial of a stay is not a binding decision" and there has been "no decision from the [NMI] Supreme Court on any of the issues" related to the merits of ANAKS's Petition. ANAKS's Reply Br. at 3-5. The Court agrees with ANAKS.

Under the law-of-the-case doctrine, "courts are generally required to follow legal decisions of the same or a higher court in the same case." *Commonwealth v. Taitano*, 2017 MP 19 ¶ 19. The guiding principle behind the doctrine is one of finality. *Id.* It is designed "to maintain consistency and avoid reconsideration of matters once decided during the course of a single continuing lawsuit." *Cushnie v. Arriola*, 2000 MP 7 ¶ 14; *Sherley v.* 

Sebelius, 689 F.3d 776, 780 (purpose of law-of-the-case doctrine is to ensure that "the same issue presented a second time in the same case in the same court should lead to the same result."). However, where a preliminary motion is involved – such as a motion for a stay of the case or for a preliminary injunction – the decision of a trial or appellate court whether to grant or deny the motion "does not constitute law of the case for the purpose of further proceedings and does not limit or preclude the parties from litigating the merits." See Berrigan v. Sigler, 499 F.2d 514, 518 (D.C. Cir. 1974).

This exception to the law-of-the-case doctrine primarily arises from two considerations. First, preliminary motions are often decided without the benefit of "discovery or . . . a fully developed record and often on briefing and argument abbreviated or eliminated by time considerations," and therefore a court "in a later phase of the litigation with a fully developed record . . . and fully developed consideration of the issue need not bind itself to the time-pressured decision it made earlier on a less adequate record." *Sebelius*, 689 F.3d at 782. Second, the law-of-the-case doctrine only applies where a court has "affirmatively decided" an issue, and to the extent a court "predicts, without making a definitive legal conclusion, that the plaintiffs *probably* or *likely* will or will not succeed on the merits, it cannot be said that the court 'affirmatively decided' the issue" such that it would bind the court at a later stage of the litigation. *Id.* (emphasis in original).

The Court's Order Denying ANAKS's Motion for Stay of Agency action was decided on a less-than-full record and was subject to time constraints that are no longer at issue at this stage in the proceedings. Since the Court's July 7, 2023 Order, the parties have had the chance to submit a complete certified record, including transcripts of the Zoning Board hearings that were previously unavailable. Having a full record of the entire proceedings below is particularly important in the context of judicial review of an agency decision. See 1 CMC § 9112 ("In making the foregoing determination, the court shall review the whole record . . ."). Moreover, although the Court's earlier decision to deny ANAKS's request for a stay undoubtedly touched upon the Court's opinion of ANAKS's

probability or likelihood of success on the merits, based on the record the Court had before it at that juncture, it was by no means a definitive decision on the merits.

For these reasons, the Court finds the law-of-the-case doctrine inapplicable and will proceed with its decision on the merits of ANAKS's Petition based on the full certified record now before it.

### B. The Zoning Board's Decision Was Made Pursuant to Procedures Required by Law and ANAKS Was Given Notice and an Opportunity to Be Heard.

"The concept of procedural due process implies that official action must meet a minimum standard of fairness to the individual, conferring the right, for example, to adequate notice and a meaningful opportunity to be heard." *Office of the Attorney Gen. v. Honrado*, 5 NMI ¶ 10 (1996). "The formality and procedural requisites for the hearing can vary, depending upon the importance of the interests involved and the nature of the subsequent proceedings." *Boddie v. Connecticut*, 401 U.S. 371, 378 (1917). Ultimately, "[t]he fundamental requirement of due process is the opportunity to be heard 'at a meaningful time and in a meaningful manner." *Mathews v. Eldridge*, 424 U.S. 319, 333 (1976).

The parties' dispute centers on what process was due to ANAKS prior to, and leading up to, the Zoning Board's decision to grant AK's application for a conditional use permit. ANAKS believes that the Zoning Board's hearing process was severely deficient and denied it notice and an opportunity to be heard under SZL § 1403(a), violated 1 CMC § 9109 of the APA, and deprived it of due process under NMI Const. art. 1 § 5. ANAKS's Op. Br. at 14. Specifically, ANAKS argues that it was entitled to: (1) actual individualized notice of the March 9, 2022 hearing, (2) 14 days' notice of the March 18, 2022 hearing, and (3) a plenary contested case hearing governed by the procedures outlined in 1 CMC § 9109 of the APA. *Id.* at 14-21.

The Court – now with the benefit of the entire certified record before it, including the transcripts of the January 19, March 9, and March 18 Zoning Board meetings – is

satisfied that ANAKS was afforded "adequate notice and a meaningful opportunity to be heard" during the Zoning Board's hearing process.

### 1. ANAKS Received Adequate Notice of the March 9, 2022 Meeting According to Procedures Required By Law.

ANAKS takes issue with the fact that it did not receive "actual notice of the continuation of the hearing [on AK's application]" from January 19 to March 9 and instead "it was left to ANAKS's counsel . . . to find a notice published on the Zoning Board's website on March 7, 2022, regarding the meeting on March 9, 2022." ANAKS's Op. Br. at 15. ANAKS believes that *Premier Ins. Co., Inc., v. Department of Labor*, 2012 MP 16, unambiguously stands for the notion that notice by publication violates a plaintiff's due process where it was possible to give that plaintiff direct and individualized notice instead. ANAKS's Op. Br. at 15-16. Because the "violation of a fundamental constitutional right is not 'harmless error," ANAKS argues, the Zoning Board's decision must be vacated regardless of whether ANAKS can demonstrate prejudice – which it cannot because ANAKS did, in fact, receive notice of the March 9 meeting and did, in fact, attend and testify extensively at the meeting, as the record clearly shows. *See* Ex. 21, 22.

The Court first looks to the Saipan Zoning Law for guidance as to what notice procedure was required. Section 1404(a) of the SZL provides:

When notice is required . . . Notice shall be given in a way, or ways, calculated to provide actual, cost-effective notice, including by electronic means, posting, newspaper publication, or by personal delivery. The Board shall by regulation determine the notice required for each type of application, approval, or petition.

SZL § 1404(a) (emphasis added). ANAKS fixates on the portion of § 1404(a) that states "electronic means" can provide "actual, cost-effective notice" but disregards entirely the fact that "newspaper publication" is listed as another way by which "actual, cost-effective notice" can be given. *See id*.

ANAKS also fails to acknowledge that the Zoning Board did, in fact, adopt notice regulations. Section 165-30.1-101(c) of the Zoning Board Regulations provides:

Meetings shall be publicly noticed as required by law. *Ordinarily such notice shall be by publication* in at least one newspaper of local circulation at least one time each week for two weeks prior to a meeting . . .

NMIAC § 165-30.1-101(c).

The record demonstrates that the Zoning Office complied with all legal requirements regarding notice in advance of the March 9 meeting. As an initial matter, ANAKS was present at the January 19 public meeting when the Zoning Board decided – upon ANAKS's own request – to delay its decision on AK's application to allow ANAKS more time to review AK's submissions and prepare a rebuttal. Ex. 21, 22. ANAKS therefore had notice that day that a follow-up meeting would be scheduled. The Zoning Office then published notice of the March 9 meeting on its website, at executive branch buildings, and in local newspapers on February 25, 2022 and March 2, 2022, in accordance with SZL § 1404(a) and NMIAC § 165-30.1-101(c). Ex. 12, 15. ANAKS then actually showed up and participated in the March 9 meeting because its attorney, Kathryn Fuller, saw the notice published on the Zoning Board's website.

ANAKS contends that it was in direct contact with the Zoning Office during this time and thus the Zoning Office should have directly notified it of the March 9 meeting instead of relying on notice by publication. ANAKS's Op. Br. at 15. ANAKS argues that the Zoning Office's failure to do so constitutes a violation of the SZL and ANAKS's due process rights. *Id.* However, ANAKS cites to no rule or law requiring the Zoning Board to provide individualized notice to interested persons. Instead, it relies on *Premier Ins. Co., Inc., v. Department of Labor*, 2012 MP 16, for the proposition that "notice by publication does not replace actual notice where it is possible to give actual notice with reasonable diligence." *Id.* The Court does not agree that *Premier* intended to carve out such a bright-line rule.

ANAKS's reading of *Premier* is overly broad and fails to acknowledge that the *Premier* court limited its holding to the specific facts of that case. *Premier*, 2012 MP 16 ¶ 12 ("We do not find notice by publication 'reasonable notice' *under the circumstances* of this case. . . . On the facts of this case, we agree.") (emphasis added). In *Premier*, the

Department of Labor ("DOL"), in response to labor claims filed by its employees, sent direct notice to an interested party regarding those claims in 2004. *Id.* ¶ 2. In 2007 – three years after the first notice – DOL finally scheduled hearings on the claims and published notice of the hearings in a newspaper twice. *Id.* The interested party did not find out about the hearings until *after* they had occurred and a decision was made. *Id.* ¶ 9. The *Premier* court held that DOL had violated the interested party's right to due process, and, in doing so, it specifically cited to the "long lag between the 2004 Notice and the 2007 Notice" and the fact that it would be "unreasonable to require [the interested party] to check the newspaper *every day for three years* to determine the date of the hearing[.]" *Id.* ¶¶ 5, 11-12 (emphasis added).

Here, the unique circumstances that rendered DOL's notice by publication inadequate are not present. Unlike in *Premier*, where three years had lapsed between DOL's first and second notices, here a little over one and a half months had passed between the initial January 19 meeting and the date ANAKS's counsel saw notice of the March 9 meeting published on the Zoning Board's website. One and a half months is not an unreasonable amount of time to check a newspaper, website, or bulletin board on a regular basis, especially considering that ANAKS (i) was present at the previous meeting, (ii) had itself made the request that the decision be moved to a later date, and therefore (iii) was on notice to look out for the next hearing date. And unlike in *Premier*, where the notice by publication failed to actually provide notice to the interested party – as evidenced by the party missing the hearing entirely – here ANAKS concedes that the notice by publication did, in fact, effectuate notice of the March 9 meeting and ANAKS did, in fact, attend and participate.

The *Premier* court also noted that DOL had initially sent "individualized notices" in 2004, but in 2007 perplexingly chose to "simply post[] a notice of the hearing in a newspaper two times" instead. *Premier*, 2012 MP 16 ¶ 2. Here, with regard to AK's conditional use application, the Zoning Office had never previously sent individualized notice of upcoming meetings to any designated ANAKS representative. The Zoning Office

was not even aware that ANAKS had retained an attorney to represent it in the proceedings on AK's application until it received Kathryn Fuller's letter on March 8, 2022 – a day before the March 9 meeting. Under these facts, the Zoning Office's reliance on the ordinary notice procedures outlined in Section 165-30.1-101(c) of the Zoning Board Regulations was not unreasonable and does not rise to the level of a constitutional violation.

ANAKS can certainly make the argument that "it would have been simple to provide ANAKS with electronic notice," and even better perhaps. ANAKS's Reply Br. at 10. However, "[t]he Due Process Clause does not require perfect procedures," only sufficient procedures to safeguard the right to be heard at a meaningful time and in a meaningful manner. *See Kempke v. Kan. Dep't of Revenue*, 281 Kan. 770, 776 (2006). The record shows that the procedures followed by the Zoning Office provided ANAKS with adequate notice and a meaningful opportunity to be heard at the March 9 meeting.

### 2. ANAKS Received Adequate Notice of the March 18, 2022 Special Meeting According to Procedures Required By Law.

ANAKS next takes issue with the fact that it was given only nine days' notice of the special meeting scheduled for March 18 and insists that "[t]he notice period is 14 days for all forms of notice specified in the law, where the law provides a specific notice period." ANAKS's Op. Br. at 16 (citing SZL § 1404(d)-(h)). Citing to the fact that the required notice period for mailed notice and posted notice is 14 days, ANAKS reasons that "[t]he only possible interpretation of the [SZL § 1404] is that electronic notice, such as an email, would also need to be supplied 14 days before the public hearing." *Id*.

The Court finds no support in the law for ANAKS's assertion that it was constitutionally entitled to at least 14 days' notice of the special meeting on March 18th. Section 1404 of the SZL is silent on the notice procedure required for special meetings. Rather, the procedure for special meetings is outlined in § 165-30.1-120(b) of the Zoning Board Regulations, which provides that "[s]pecial meetings . . . shall be duly noticed by the Board" in accordance with 1 CMC § 9911. In turn, 1 CMC § 9911 ("Special Meetings")

requires "written notice . . . delivered personally or by mail at least 24 hours before the time of such meeting[.]" 1 CMC § 9911. These procedures were followed by the Zoning Board in advance of the March 18 hearing.

ANAKS points out that 1 CMC § 9911 speaks to "notice to each member of the governing body" and to media outlets, such as newspapers, without explicitly mentioning how interested parties or the general public should be dealt with. ANAKS's Reply Br. at 11. The implied suggestion, then, is that the default notice period for interested parties should always be 14 days in the absence of explicit instructions otherwise.

A basic tenet of statutory interpretation is that "[w]hen a statute is not clear . . . we look at the statute as a whole, not just an isolated set of words, to ascertain the legislature's intent. *Aurelio v. Camacho*, 2012 MP 21 ¶ 15. We likewise avoid reading a statute in a way that "defies common sense or leads to absurd results." *Id.* ANAKS's reading of 1 CMC § 9911 would necessarily mean that special meetings can never be called on an expedited basis and must always be scheduled a minimum of 14 days out to allow time for interested parties and members of the public to be notified. It would also necessarily mean that a presiding member of a governing body is required to give 14 days' notice of a special meeting to interested parties and members of the public but, inexplicably, only 24 hours' notice to other members of the governing body. It also fails to account for why notice would need to be given to media outlets at all, but for the purpose of informing members of the public. ANAKS's reading defies common sense and leads to absurd results.

Even if ANAKS's reading of 1 CMC § 9911 were correct, ANAKS's claim that it was prejudiced by the allegedly inadequate notice procedures is not supported by the record. The record shows that ANAKS (i) was present at the March 9 meeting when the Zoning Board's decision was continued to March 18th, (ii) was itself the reason for the continuance,<sup>6</sup> (iii) received written notice of the March 18 special meeting on the spot at

<sup>&</sup>lt;sup>6</sup> ANAKS had asked for an additional 60 days from March 9 to prepare further rebuttal materials, but the Zoning Board denied the request as "unreasonable," citing the fact that the Board had already granted ANAKS a 45-day extension. Ex. 21-021 – 21-023. The Board granted an additional nine days instead, reasoning that the Board typically has "less than a week" to review all the materials submitted to it. *Id*.

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the March 9 meeting, (iv) made multiple submissions to the Zoning Board in advance of the March 18 special meeting, including a 22-page legal memorandum, a 9-page technical memorandum, and a letter with proposed conditions, and (v) attended and fully participated in the March 18 special meeting.

On these facts, the Court finds that ANAKS was afforded adequate notice and a meaningful opportunity to be heard at the March 18 special meeting.

### 3. A Plenary Contested Case Hearing Pursuant to 1 CMC § 9109 Was Not Required on AK's Application for a Conditional Use Permit.

Despite ANAKS's attendance and participation in the proceedings on AK's conditional use application, which were continued multiple times at ANAKS's request, ANAKS maintains that the Zoning Board's failure to hold a plenary contested case hearing pursuant to 1 CMC § 9109 violated the SZL and APA and deprived it of due process. ANAKS's Op. Br. at 17-21.

Plenary contested case hearings are governed by 1 CMC §§ 9108-10 of the APA, which supply the procedures that must be followed in the absence of agency-specific procedures. They are essentially mini trials held before an impartial hearing officer / administrative law judge and require the observance of formal procedures, such as: the administration of oaths, the ability to issue subpoenas, the right to call and cross-examine witnesses, the imposition of rules pertaining to *ex parte* communications, and the entry of formal findings of fact and conclusions of law. *See* 1 CMC §§ 9109-10.

ANAKS contends that it was entitled to the formal procedures outlined in §§ 9109 and 9110 because it was an interested party to AK's application, and pursuant to SZL § 1403(a), interested parties "shall be entitled to notice and an opportunity to be heard" when "a contested case hearing on an application is required." SZL § 1403(a). ANAKS believes that a contested case hearing pursuant to §§ 9109 and 9110 was required in this case because ANAKS had requested one. ANAKS's Op. Br. at 19.

However, nothing in the APA or SZL suggests that ANAKS, as an interested party, was entitled to demand a contested case hearing on AK's application for a conditional use

permit. Section 9108(a) only requires the formal, trial-like procedures set forth in §§ 9108 and 9110 "in every adjudication in which a sanction may be imposed." 1 CMC § 9108(a). The NMI Supreme Court also recognized in *J.G. Sablan Rock Quarry, Inc. v. Dept. of Public Lands* that §§ 9109 and 9110 are "generally required in adjudications where a sanction may be imposed" and that "a different set of procedures must be followed when licenses<sup>7</sup> are at issue." 2012 MP 2  $\P$  30.

The relevant procedure here is governed by SZL § 1308(c) ("Procedure for Conditional Use Permits"), which only requires "notice" and a "public hearing" before a decision on an application can be made:

An application for a conditional use permit shall be determined as follows:

- (1) A public hearing preceded by notice shall be held within 42 days of the filing of a completed application. . . .
- (2) The Board shall decide the application within 35 days after the close of the record. . . .

SZL § 1308(c). Section 1308 does not provide for the formal adjudicatory hearing sought by ANAKS, which makes sense considering that (i) the approval or denial of a conditional use permit application does not involve a sanction<sup>8</sup>, and (ii) requiring the Zoning Board to defer to a hearing officer's findings runs contrary to each member's independent voting obligations.<sup>9</sup>

<sup>&</sup>lt;sup>7</sup> A permit is a type of license. *See* 1 CMC § 9101(f) ("'License' includes the whole or part of any agency, permit, certificate, approval, registration, charter, or similar form of permission required by law.").

<sup>&</sup>lt;sup>8</sup> A "sanction" is "[a] penalty or coercive measure that results from failure to comply with a law, rule, or order." Black's Law Dictionary (11th ed. 2019).

<sup>&</sup>lt;sup>9</sup> Interestingly, the Legislature explicitly mandated Zoning to provide "the opportunity for a contested case hearing that comports with the requirements of the APA" in proceedings involving the "removal of unauthorized use or public nuisance and for suspensions, revocations and fines" – in other words, proceedings involving sanctions. SZL § 1409(c)(1). Section 1409's explicit provision of "a contested case hearing that comports with the requirements of the APA" suggests that the absence of such provision in other sections of the SZL was intentional. *See Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 452 (2002) ("[I]t is a general principle of statutory construction that when Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.") (simplified).

Based on the foregoing, the Court finds that the Zoning Board's denial of ANAKS's request for a contested case hearing pursuant to §§ 9109 and 9110 was not in violation of the APA, the SZL, or ANAKS's right to due process. To the contrary, as explained in Sections IV(B)(1)-(2), *supra*, the Zoning Board followed all procedures required by law, and ANAKS was afforded multiple opportunities to be heard "at a meaningful time and in a meaningful manner." *See Eldridge*, 424 U.S. at 333.

## C. The Zoning Board's Decision Was Not "Arbitrary and Capricious" and Was Supported by "Substantial Evidence."

#### 1. "Arbitrary and Capricious" Standard

The NMI Supreme Court has made clear that under the Administrative Procedure Act, "[a]gency decisions are reviewed on the basis of an 'arbitrary and capricious' standard." *Pac. Sec. Alarm, Inc. v. Commonwealth Ports Auth.*, 2006 MP 17 ¶ 14 (citing *Wileman Bros. & Elliott, Inc. v. Espy*, 58 F.3d 1367, 1374 (9th Cir. 1995)); *see also* 1 CMC § 9112. Arbitrary and capricious action under 1 CMC § 9112 is not defined in the statute. However, arbitrary and capricious agency action has been defined in this jurisdiction as "willful and unreasonable action without consideration or in disregard of facts or without determining principle." *In re Blankenship*, 3 N.M.I. 209, 217 (1992) (citing BLACK's LAW DICTIONARY (5th ed. 1979)). Entirely failing to consider an important aspect of a claim will also render an agency action arbitrary and capricious. *Commonwealth Ports Auth.*, 2006 MP 17 ¶ 14.

Under the Administrative Procedure Act, agency actions under review are "entitled to a presumption of regularity," and reviewing courts must defer to agency decisions. *Id.* Therefore, "the scope of review under the 'arbitrary and capricious' standard is narrow and a court is not to substitute its judgment for that of the agency." *Id.* ¶¶ 14-15 (citing *Motor Vehicle Mfrs. Ass'n v. State Farm Mutual Auto. Ins. Co.*, 463 U.S. 29, 43 (1983)). "A court simply ensures that the agency has acted within a zone of reasonableness and, in particular, has reasonably considered the relevant issues and reasonably explained the decision." *Fed. Commc'ns Comm'n v. Prometheus Radio Project*, 141 S. Ct. 1150, 1158 (2021).

#### 2. "Substantial Evidence" Standard

The substantial evidence standard is a "more exacting" standard of review than the deferential arbitrary and capricious standard. *See Limon v. Camacho*, 1996 MP 18 ¶ 20. In applying the substantial evidence standard, a court must uphold the agency decision if it appears "reasonable" after consideration of the facts in the record, even if the decision is supported by "something less than the weight of the evidence." *In re Hafadai Beach Hotel Extension*, 4 N. Mar. I. 37, 44 (1993); *see also Biestek v. Berryhill*, 139 S. Ct. 1148, 1154 (2019) ("[W]hatever the meaning of 'substantial' in other contexts, the threshold for such evidentiary sufficiency is not high. Substantial evidence, this Court has said, is 'more than a mere scintilla.' . . . It means—and means only—'such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.""). "The court should not supplant the agency's findings merely by identifying alternative findings that could be supported by substantial evidence." *Arkansas v. Oklahoma*, 503 U.S. 91, 113 (1992).

The substantial evidence standard is applicable in any case subject to 1 CMC §§ 9108 and 9109 "or otherwise reviewed on the record of an agency hearing provided by statute." The Court determined in Section IV(B)(3), *supra*, that the proceedings before the Zoning Board on AK's application were not subject to §§ 9108 and 9109. Nevertheless, to the extent that the public hearings held by the Zoning Board on AK's application constitute "on the record . . . agency hearing[s] provided by statute," *see* SZL § 1308(c), the Court finds that the Zoning Board's decision to grant AK's application was reasonable under both the substantial evidence standard (i.e., decision was "reasonable" and "adequate[ly]" supported after consideration of facts in the record) and the more deferential arbitrary and capricious standard (i.e., decision cannot be said to be "willful and unreasonable," "in disregard of facts," or "without determining principle").

### 3. The Record Shows That the Zoning Board Took Its Duties Seriously and Considered and Discussed SZL § 702 Extensively.

ANAKS argues that Conditional Use Permit No. 2020-10382 should be set aside because the Zoning Board's decision to grant it was arbitrary and capricious and

unsupported by substantial evidence. ANAKS's Op. Br. at 21-30. Specifically, ANAKS takes the position that the Zoning Board failed to require AK to carry its burden of proof regarding compliance with SZL § 702 and simply "rubber-stamped" AK's application. *Id.* at 10, 21. ANAKS also asserts that the Zoning Board "failed to apply the criteria in the SZL to [AK's] proposed use" and instead "delegated the relevant issue [of compatibility] to other CNMI and federal agencies." *Id.* at 22. Finally, ANAKS argues that the Zoning Board "failed to explain its findings [regarding § 702 compatibility] in writing." *Id.* 

Saipan Zoning Law, Article 7, Section 702 ("General Requirements for All Conditional Uses") requires that all conditional uses "be compatible with the existing or allowable uses of adjacent properties and surrounding neighborhood" and that they "adequately avoid or mitigate unacceptable significant adverse impacts" to the environment, including noise, air, traffic, and other factors. SZL §§ 702(a)-(h). Having reviewed the full certified record, including the transcripts of the January 19, March 9, and March 18 Zoning Board meetings, the Court is satisfied that the Zoning Board took its duties seriously, extensively engaged with AK and ANAKS about the requirements of § 702, and ultimately considered § 702 compatibility in its final decision.

The record shows that the Zoning Board required AK to supplement its application several times to directly address the § 702 compatibility concerns raised by ANAKS at the January 19 and March 9 public meetings. *See* Ex. 8-041 – 8-069 (discussing how AK's project meets each of the eight requirements of § 702, including the project's compatibility with existing or allowable uses of adjacent properties and AK's efforts to avoid or mitigate adverse environmental impacts and take into consideration the public health, safety, and welfare); Ex. 8-074 – 8-107 (addressing ANAKS's concerns regarding viewshed and lighting as well as stormwater, oil, fuel, and gas management); Ex. 26 (reiterating project's compatibility with SZL § 702 and responding to ANAKS's "Memorandum of Points and Authorities in Opposition to [AK's] Conditional Use Application"); Ex. 33, 34 (responding to ANAKS's proposed conditions, accepting some and suggesting changes to others). This runs counter to ANAKS's assertion that the Zoning Board failed to require AK to carry its

burden of proof regarding compliance with SZL § 702 and that AK's application was simply "rubber-stamped."

The record also shows that the Zoning Board engaged with AK and ANAKS about the requirements of § 702 at each meeting and required AK's experts to explain how they planned to avoid or mitigate adverse impacts to the environment generally and to ANAKS specifically. For instance, at the **January 19 meeting**, the Zoning Board required AK's project consultant to discuss AK's efforts to work with other agencies such as DFW and BECQ to mitigate environmental concerns. Ex. 18-018 – 18-019. The Board also heard from AK's project designer about how the project would comply with EPA regulations. Ex. 18-023 – 18-027. The Chairman acknowledged that the Zoning Board was "trying to address Section 702, the Zoning Law which is basically how does the project affect public health, safety, and welfare of the surrounding[s]. So, [that's] the reason why for all these questions. Yes, we are not CRM or DEQ . . . but it is a surrounding neighborhood . . . and it's really necessary to consider those conditions." Ex. 18-037. He then paused the session to get advice from legal counsel on "the matter of Section 702 and the legal parameters around that particular subject." Ex. 18-072.

At the March 9 meeting, the Zoning Board had AK's project designer present on AK's supplemental report and appendices, which included studies relating to mitigation of noise, air pollution, traffic, viewshed, stormwater and oil. Ex. 21-008 – 21-013; 22-003 – 22-005. The Zoning Board also had the entirety of Ms. Fuller's letter read into the record and continued the meeting to a later date in consideration of the concerns she raised. Ex. 21-013 – 21-019. At the March 18 special meeting, after opening the floor for public comments, the Zoning Board instructed AK to directly respond to the concerns raised by ANAKS. In response to ANAKS's concern that living next door to a vehicle repair facility would interfere with residents' peace and quiet, AK's project designer explained that the building would be fully enclosed within concrete walls to mitigate noise and that AK would attempt to "isolate [equipment] from the ground, so that noise doesn't transfer through to structure to the exterior." Ex. 20-036 – 20-037. In response to ANAKS's

concern that the repair facility's paint booths would emit harmful chemicals and contribute to air pollution, Rob Jordan, a certified industrial hygienist, explained AK's plan to use a "control strapped paint booth . . . provisioned with very high-end efficient scrubbers or filters" that he was confident would "comply[] with all the regulations." Ex. 20-029 – 20-032. Based on these discussions, which are clearly detailed in the transcripts of the meetings and summarized in Zoning Board meeting minutes, *see* Ex. 18-23, the Court fails to understand how ANAKS can claim that the Zoning Board shirked its duties and refused to meaningfully engage in the question of § 702 compatibility.

ANAKS's assertion that § 702 compatibility was not considered at all by the Zoning Board is also undermined by the 19 qualifying conditions imposed by the CUP. See Ex. 25. Section 1308(a) of the SZL describes the purpose of requiring an applicant to obtain a permit for a conditional use from the Zoning Board:

Conditional use permits shall be obtained for certain uses that would <u>become</u> harmonious or compatible with neighboring uses through the application and maintenance of <u>qualifying conditions</u> and siting in specific locations within a zoning district, but that would not be allowed under the general conditions of the zoning district as stated in this Law.

SZL § 1308(a) (emphasis added). Here, an auto repair facility – allowed as of right in Industrial zones only – would not be allowed under the general conditions of the Mixed Commercial zoning of Lot EA 896, the subject property, nor would it be compatible with the neighboring ANAKS property, *but for the application and maintenance of qualifying conditions*. The 19 conditions imposed by the Zoning Board appear to be exactly those "qualifying conditions" whose "application and maintenance" are meant to allow a project such as AK's to "become harmonious or compatible with neighboring uses" such as the ANAKS property.

ANAKS points to certain statements made by various Zoning Board members during the public meetings as proof of their indifference to applying the criteria in § 702 to AK's application, *see* ANAKS's Op. Br. at 25-28, but the great weight of the record simply does not support ANAKS's position. ANAKS seems particularly troubled by the Zoning

Board's reference of certain technical issues to BECQ and CRM, arguing that this is proof the Board "delegated the relevant issue [of compatibility] to other CNMI and federal agencies." But these statements simply appear to be reassurance from the Zoning Board that the permitting process with these other agencies would provide additional layers of protection to ANAKS<sup>10</sup>, not confessions that the Zoning Board disregarded the project's impact on ANAKS.<sup>11</sup>

Finally, ANAKS's concern that the Zoning Board "failed to explain its findings [regarding § 702 compatibility] in writing" is misguided and does not warrant the setting aside of the CUP for several reasons. First, ANAKS was not entitled to formal findings of fact and conclusions of law because it was not entitled to a plenary contested case hearing pursuant to §§ 9108-10. Second, the CUP does, in fact, incorporate the Zoning Administrator's memo, which contains findings on every factor in SZL § 702. See, e.g., Ex. 7-004 ("The proposed development is compatible with existing developments adjoining the property."), 25. Third, even if Conditional Use Permit No. 2020-10382 and Zoning Board Order No. 2022-1-03 are somehow deficient, the error is harmless where, as here, the record supports the decision reached by the Zoning Board. See Tarbox v. Zoning Bd. of Review for Jamestown, 2013 R.I. Super. LEXIS 44, \*13 (2013) (rejecting argument that the lack of findings of fact precluded a review of zoning board decision and explaining that "courts should not subject the parties to such delay and inconvenience where they were able to satisfy themselves from the record that the board's decision was either correct or erroneous regardless of the failure to give reasons for their decision."); South Anchorage Concerned Coalition v. Coffey, 862 P.2d 168, 175 (1993) ("The second set of factual

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<sup>&</sup>lt;sup>10</sup> See, e.g., Ex. 23-003 ("[Vice-Chairman Aguon's] decision will be based on the information presented from both sides. Chairman Inos clarifies that all environmental studies will be submitted and reviewed by BECQ, where applicant will be going through another public hearing.").

<sup>&</sup>lt;sup>11</sup> To the contrary, at the March 9 meeting, the Chairman reassured attendees that "[a]ll the concerns were heard from both the developer as well as the public" and that the Board wanted "as much information" as it could get to "make a sound decision" in consideration of "how everybody [] is impacted, both the developer side as well as the resident side." Ex. 18-076. At the March 18 special meeting, prior to voting, the Chairman reiterated that the Zoning Board had "reviewed [the] documents forwarded to us from both stakeholders and landowners." Ex. 20-038.

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findings issued by the Commission is certainly not a model of clarity. However, when we supplement the findings with the comments which the commissioners made on the record while they considered the permit application, their reasoning and conclusions become clear."); Glenbrook Rd. Ass'n v. District of Columbia Bd. of Zoning Adjustment, 605 A.2d 22, 33 (1992) ("It would have been better if the Board had explicitly incorporated into its decision the language of the Regulation, so that no one could have doubted the Board's meaning. Its failure to do so, however, does not require reversal of its decision by this court."); id. at 26-31 (finding errors in agency proceedings harmless where the court was "satisfied that, in general . . . no one ran roughshod over the rights of anybody else" and noting that "perfection is a rare commodity").

In sum, the Court, having reviewed the full certified record, is satisfied that the Zoning Board's decision to grant AK's conditional use application was supported by substantial evidence – that is, the decision was a reasonable exercise of discretion and was adequately supported by evidence in the record. The Court also finds that the Zoning Board did not act arbitrarily or capriciously but rather acted within a zone of reasonableness after considering all of the relevant compatibility issues.

#### D. The Decision to Grant AK's Application Was Within the Zoning Board's Statutory Authority and the Zoning Administrator's Qualifications Are Not a Basis to Set Aside the CUP.

As an additional basis for setting aside the CUP, ANAKS argues that the Zoning Board acted beyond its statutory authority when it hired a Zoning Administrator who lacked the professional credentials required by 2 CMC § 7222(a). ANAKS's Op. Br. at 6. ANAKS asks the Court to compel the Zoning Board "to hire an Administrator with the necessary legal qualifications under 2 CMC § 7222(a)" to re-assess AK's project. *Id*.

Indeed, 2 CMC § 7222(a) of the Zoning Code provides:

There is established in the Commonwealth government the position of zoning administrator. The administrator shall serve at the pleasure of the The administrator shall have at least a baccalaureate Zoning Board. degree, but preferably a graduate degree, in planning or a related field, and five years of progressive experience in land use planning, comprehensive planning, or land use administration. All other qualifications of applicants

being equal, preference in hiring will be given the applicant with the most advanced degree in planning or a related field.

2 CMC § 7222(a) (emphasis added). The Court agrees with ANAKS that the requirements set forth in the statute are clear and unambiguous: the Zoning Administrator must have at least a bachelor's degree in planning or a related field *and* five years' experience in land use planning or administration. A review of the Zoning Administrator's application<sup>12</sup> reveals that her degree and work experience – while impressive and extensive – are unrelated to planning and/or land use as required by 2 CMC § 7222(a).

Nevertheless, the Zoning Administrator's qualifications are not grounds to set aside AK's CUP because the decision-making authority rested with the Zoning Board, not the Zoning Administrator. Pursuant to SZL § 309(e)(4), the Zoning Board has the "complete jurisdiction and power" to approve, deny, or approve with conditions all applications for permits. The Zoning Board also has the power to hire and supervise the activities of the Zoning Administrator and to decide any appeal taken from a decision of the Zoning Administrator. SZL §§ 309(e)(26), 1406. In other words, the Zoning Board's powers trump the Zoning Administrator's powers, and a decision made by the Zoning Board will always trump a decision made by the Zoning Administrator.

Turning to the specific procedure outlined for approval of conditional use permits, SZL §1308 mandates that "[t]he Board shall decide these applications" following a public hearing. SZL § 1308(a), (c)(2). The Zoning Administrator's role is to "determine in writing whether the application is sufficiently complete to accept it for filing" and to prepare a report to aid the Zoning Board at the hearing on the application. SZL §§ 1302(f)(1), 1403(b). That the Zoning Administrator provides a report with findings and recommendations prior to the hearing does not relieve the Zoning Board of its independent duty to "[a]dminister and enforce [the SZL] and the Zoning Code." SZL § 309(e)(1). The

<sup>&</sup>lt;sup>12</sup> The Court takes judicial notice of the application documents setting forth the credentials of Zoning Administrator Geralyn Dela Cruz as submitted to the Zoning Board through the Office of Personnel Management because they are public records maintained by the Executive Branch of the CNMI government and subject to the Open Government Act, 1 CMC §§ 9901, *et seq. See* Petitioner's Request for Judicial Notice ISO Petitioner's Opening Brief (filed October 2, 2023).

Board has the power to disregard the Zoning Administrator's report entirely and vote against the Zoning Administrator's recommendations. Section 1302(f)(1) even states that if the Zoning Administrator fails to make a determination on a permit application within the requisite time period, the application is automatically deemed complete for filing. SZL § 1302(f)(1).

ANAKS suggests that the Zoning Board simply "rubber-stamped" AK's application after receiving the Zoning Administrator's memo, but this is not supported by the record. ANAKS's Op. Br. at 10. As the Court has already found in Section IV(C)(3), *supra*, the record shows that the Zoning Board took its duties seriously and extensively engaged with AK and ANAKS about the requirements of § 702 over the course of multiple days and across numerous lengthy submissions – including legal memoranda, expert reports, and supplemental reports – before ultimately voting to approve AK's application. The record also shows that the Zoning Board had sufficient information to make its own determination about whether AK's application was "consistent with the requirements of Article 7," SZL § 1308(d), independent of the Zoning Administrator's findings and recommendations.

ANAKS suggests that if the Court chooses not to set aside AK's CUP on the basis of the Zoning Administrator's qualifications, it should at least "not give any particular deference to the Zoning Board's actions because of the evident lack of the statutorily required agency expertise." ANAKS's Op. Br. at 12 ("Where there is no agency expertise, the Court has little reason to give deference to the agency." (citing cases)). However, as the Court has already found in Section IV(C), *supra*, the Zoning Board's decision withstands scrutiny whether analyzed under the deferential "arbitrary and capricious" standard or the more exacting "substantial evidence" standard.

In sum, the Zoning Administrator's qualifications are an insufficient basis to set aside the CUP where the decision to approve AK's application rested squarely within the Zoning Board's statutory authority and was supported by substantial evidence.

# E. The Zoning Board's Decision Was Not Contrary to ANAKS's Constitutional Right to a Clean and Healthful Environment Pursuant to Art. 1 § 9 of the NMI Constitution.

Courts may hold unlawful and set aside agency action found to be "contrary to a constitutional right, power, privilege, or immunity." 1 CMC § 9112(f)(2)(ii).

ANAKS asks the Court to set aside AK's CUP because "the Zoning Board's decision to approve the conditional use permit without fully evaluating the project's impacts on the vicinity generally and the residents of [ANAKS] specifically is contrary to a constitutional right . . . the right to a clean and healthful environment." Pet. ¶ 14. Specifically, ANAKS alleges that the Zoning Board "did not require AK to quantify the noise levels from the facility" and "did not include a noise limit in the Conditional [Use] Permit," despite ANAKS's requests. ANAKS's Op. Br. at 13-14. The Zoning Board's failure to do so, according to ANAKS, will cause ANAKS to suffer "harmful and unnecessary noise pollution" rising to the level of a constitutional violation. *Id*.

The full text of Article 1, Section 9 of the NMI Constitution states as follows:

Each person has the right to a clean and healthful public environment in all areas, including the land, air, and water. Harmful and unnecessary noise pollution, and the storage of nuclear or radioactive material and the dumping or storage of any type of nuclear waste within the surface or submerged lands and waters of the Northern Mariana Islands, are prohibited except as provided by law.

#### N.M.I. Const. art. I § 9 (emphasis added).<sup>13</sup>

Although the residents of ANAKS undoubtedly have a constitutional right to a clean and healthful environment, nothing in the record suggests to this Court that the Zoning Board's decision ran roughshod over this right or subjected ANAKS to "significant environmental injuries" that are "probable to occur." *See Atalig v. Mobil Oil Mariana Islands, Inc.*, 2013 MP 11 ¶ 24.

With regard to ANAKS's claim that the Zoning Board approved the CUP without fully considering the project's environmental impacts on the vicinity generally and the

<sup>&</sup>lt;sup>13</sup> The right to a clean and healthful environment is self-executing. *Govendo v. Marianas Pub. Land Corp.*, 2 N. Mar. I. 482, 502 n.16 (1992).

residents of ANAKS specifically, the Court has already addressed this contention at length in Section IV(C)(3), *supra*. The record does not support ANAKS's position and shows, instead, that the Zoning Board took numerous studies concerning noise, air, and light pollution (among others) into consideration when making its decision.

Next, ANAKS's claim that the Zoning Board "did not require AK to quantify the noise levels from the facility" is contradicted by the Noise Study Report submitted by AK as an appendix to AK's February 23, 2022 "Follow Up Response to [the January 19] Public Hearing." Ex. 8-053 – 8-054 (table listing sound power level of each equipment type, distance of equipment from ANAKS property line, and hours during the day equipment will be in use).

ANAKS also complains that the Zoning Board "did not include a noise limit in the Conditional [Use] Permit" but fails to explain how this subjects ANAKS to "significant environmental injuries" that are "probable to occur." Indeed, none of the injuries that ANAKS speculates will occur seem probable in light of the 19 conditional safeguards embedded in AK's CUP. There is no indication that AK has or will imminently violate said conditions, and even just one violation out of any of the 19 conditions would subject AK to a \$1,000 per day penalty for noncompliance and risk of permit revocation.<sup>14</sup>

For the reasons stated above, the Court declines to set aside AK's conditional use permit on the basis of 1 CMC § 9112(f)(2)(ii).

<sup>&</sup>lt;sup>14</sup> ANAKS appears particularly concerned about noise pollution. Three of the 19 conditions in AK's conditional use permit address noise:

<sup>(2)</sup> Applicant shall employ proper measures to control the noise level from reaching unacceptable levels beyond its property lines.

<sup>(3)</sup> Applicant shall ensure that its operation does not generate noise, odor, light and dust that will affect the neighborhood.

<sup>(18)</sup> The applicant shall maintain decibel levels as reported and submitted to the Zoning Office, within its property lines.

#### V. CONCLUSION

THEREFORE, for the reasons stated above, the Court <u>AFFIRMS</u> the Zoning Board's decision to grant Conditional Use Permit No. 2020-10382, <u>AFFIRMS</u> Zoning Board Order No. 2022-1-03, and <u>DENIES</u> the relief sought in ANAKS's Petition for Judicial Review.

IT IS SO ORDERED this 11th day of March, 2024.

9 DAVID A. WISEMAN, Judge Pro Tem

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-34-