

V. FORGING A NEW FEDERAL-MEGA AGENDA FOR THE INTERMOUNTAIN WEST

Overall, the Intermountain West's megapolitan areas have made impressive progress toward addressing the super-sized challenges that stand between them and true prosperity.

Year after year, the megas post startling population growth and job creation rates.

In large part, moreover, they have done this by working patiently to secure their standing on the most fundamental drivers of regional prosperity.

On infrastructure, they have thrown themselves into building new light rail systems, whether in metro Denver, Phoenix, or Salt Lake City.

On innovation, they have collaborated across local and metro lines to make serious investments in the region's scientific, engineering, and medical capabilities, as exhibited most dramatically by SFAz.

And on placemaking and governance, leaders of the megapolitan West have led the nation by immersing themselves in regional visioning processes like Envision Utah or experimenting with new regional governance networks as in greater Denver.

It is exactly this sort of home-grown leadership—supported by the do-it-yourself spirit of a region that has long been overlooked in debates about the national good—that will surely play the largest role in the region's construction (or not) of a megapolitan “civilization to match the scenery,” to paraphrase writer Wallace Stegner.

However, the fact remains while the West's megapolitan leaders and institutions can do a lot, they cannot “go it alone.” Western leaders require at least at times, and on certain crucial, mega-scaled issues, a steady, supportive partner in the federal government.



In this fashion, mega-scaled self-help will always remain the primary source of progress in the Intermountain West. However, on crucial inter-metro infrastructure, on key innovation inputs, on immigration, and water and energy issues, the federal government continues to matter in the Mountain states, and needs to offer to state, mega, metro, and local problem-solvers a new brand of simultaneous support and empowerment.

And so, as the approaching 2008 election decides upon a new administration in Washington, the time is right for leaders around the Intermountain West to propose a compact with the federal government that will allow the region's pivotal megapolitan areas to overcome their common challenges and assert their leadership in the nation and world.

What should this new compact or partnership look like? To begin with, it should revolve around securing a young region's standing on the four core drivers of future prosperity—efficient and strategic infrastructure links, potent innovation capacity, high-potential human capital, and sustainable, quality places—as well as on regional governance. But beyond that, the new partnership should be characterized by a new tone and stance—a fresh and pragmatic style that is more catalytic than commanding, more empowering and facilitating than micromanaging.

Finally, it is important to consider the historic relationship between the federal government and Western states. Many citizens in the region resent that so much of their land is owned and controlled by Washington and the heavy imprint of federal policy in the region over generations. This resentment often manifests itself in an open hostility to the federal government. Given that, federal policymakers should carefully consider how their efforts to “help” the West, or otherwise “intervene,” may be interpreted. Westerners are not seeking handouts from Washington. Rather, they are looking for constructive engagement and partnership as they face a series of vexing challenges. In this spirit, the following pages propose a series of policy adjustments that propose a new, more supportive, and empowering relationship between Washington and the Intermountain West.

INFRASTRUCTURE

Fast-growing megapolitan areas in the Intermountain West have a heavy burden when it comes to keeping up with growth. They need to meet new demand for buildings and replace aging stock while building out efficient, state-of-the-art surface transportation and air links, as well as the fundamental infrastructure necessary to move and deliver water and electricity.

No other region of the country will face such acute growth pressures as the Intermountain West. Not surprisingly, Westerners tend to be more concerned about growth pressures than are residents elsewhere in the United States.¹⁸⁰



Knowing the extent of coming development offers the region a vital opportunity to address various infrastructure challenges while it manages growth and improves on its current level of prosperity. Now is the time for the region's leaders to ask that the federal government become a more constructive partner with state and local governments and the private sector in helping the region make crucial investments in the region's infrastructure and resource systems. Help with direct investment will be critical, but so will related policy and attitudinal adjustments aimed at setting up a more supportive federal policy framework within which all parties can work together to improve surface and air transport and address pressing water and energy issues. Along these lines, the Intermountain West has a particular interest in helping work out new federal-state-mega partnerships through which Washington will more constructively help to:

- Bring the transportation network to scale, smartly
- Proactively address enormous resource needs

A number of issues need to be engaged:

Bring the transportation network to scale, smartly. Given the region's extraordinary coming growth, the Intermountain West will need to build out its passenger and freight networks both between and within megapolitan areas, using highways, high-speed and light rail, and air connections to improve connections and shape development. The megas cannot “go it alone” on this front, and so the federal government needs to provide strategic, targeted, and reliable help.

First, the federal government should give priority in the next round of transportation funding to **strengthening nationally significant passenger and freight corridors**.¹⁸¹ One of the weak spots along the CANAMEX corridor is the two-lane U.S. 93 highway connecting Las Vegas and Phoenix. Arizona is already investing in upgrading U.S. 93,



but federal support and funding will likely be needed to complete the Hoover Dam Bypass and complete the upgrades through to Las Vegas. Similarly, several major points of congestion lie along CANAMEX, such as I-10 in and around Phoenix, U.S. 93 in Las Vegas, and through the Wasatch Front on I-15, which could all benefit from targeted federal investments to improve circulation and add multi-modal connections. The passenger and freight corridor between the Front Range and Northern New Mexico will at some point need to be strengthened, and in this case, corridor needs may be met by improving rail connections along existing railroad rights-of-way running parallel to I-25. The federal government could encourage state and local investment in designated transportation corridors across the region by relaxing federal right-of-way acquisition guidelines, which may prevent early right-of-way acquisition.

Relatedly, the region would benefit from **a long-term federal commitment to high-speed rail (HSR)**. European experience confirms HSR is immediately substitutable for passenger air travel for destinations up to 200-300 miles apart.¹⁸² A full third of all flights leaving Phoenix travel to Southern California and many of these trips could be shifted to HSR. Similar potential exists for HSR between Las Vegas and Southern California, and possibly between Las Vegas and Phoenix. If the train is fast enough, the feasible range for substituting air trips with high-speed rail can extend to 400-500 miles.¹⁸³ All of the major cities of the Intermountain West could eventually be connected by HSR, allowing HSR to deflect regional travel demand away from airports that will be reaching capacity within the coming decades.

To make the most of global economic opportunities, the

megapolitan West and its federal partners must **plan strategically for its long-term air transportation needs**.

Airports are particularly important for the Intermountain West, as its inland cities are reliant on air transportation to link to the world. As the region grows, it will need expanded runway capacity at its major airports to alleviate bottlenecks, both in passenger travel and air freight. Some of the pressure on the major airports can be relieved by strategically developing secondary airports, such as Phoenix-Mesa Gateway proposed in the Sun Corridor and Ivanpah proposed in greater Las Vegas, and by developing HSR to absorb short-haul trips (as above). To finance expansion, the federal government should provide more flexibility for developing public-private partnerships and alternative financing arrangements. Substantial pressure can also be alleviated by upgrading the nation's antiquated air-traffic-control system to a more efficient, global positioning system (GPS) based system. This upgrade is beginning in bits and pieces but implementation has been slow due to congressional arguments about how to pay for it, and needs to be expedited. Finally, the federal government should pursue an open-skies policy that allows greater European and Asian airline access to travel opportunities within the United States in return for similar opportunities in their home countries. Such a policy would especially benefit the Intermountain West as most of the region's international connections are through Los Angeles and even Dallas.

As the region invests in air travel, the region also needs to **develop high-quality surface transportation links between airports and regional job and distribution centers**. Several of the regions are considering or constructing

their own surface linkages to airports, including a light-rail link between downtown Phoenix and Sky Harbor airport (with short bus transfer), a link between Denver's Union Station and Denver International Airport, and a light-rail extension from downtown Salt Lake City to the airport. Additional needs may include a light-rail extension from the proposed Phoenix-Mega Gateway airport to downtown Mesa and to the edge city that will likely emerge on the old GM proving grounds.

To support appropriate development, the federal government must **become mode-neutral** by putting transit and highway financing on the same footing.¹⁸⁴ Currently, proposed highways and transit projects must meet different standards to obtain federal transportation funds, substantially tilting the playing field in favor of highway development. Funding policies should be equalized across modes, such as by extending the "80-20 match" to transit projects. At the same time, the Federal Aviation Administration should reform its decades-old Airport Improvement Project regulations to encourage public-private partnerships to fund, construct, and operate these critical intermodal linkages.

Proactively address enormous resource needs. Similar partnership will also be necessary on other fronts. Specifically, the megapolitan West will need water and energy for an additional 11 million residents by 2040, while preserving its air quality and reducing its carbon footprint. Washington will have to help.

Historic federal investments in water infrastructure facilitated the development of the arid Intermountain West. The federal government—through the Department of the Interior—also played an important role in negotiating water rights and in facilitating regional water agreements, such as the Colorado River Compact. As the region adapts to its urbanization and to climate shifts from global warming, the federal government should **facilitate creative, collaborative regional water agreements**. While decisions must ultimately be made by states and localities within the region, the federal government can also play a constructive supporting role by **investing in better data and models for climate, water, and energy** to inform local decision-making and adaptation to the climate challenge. A related federal effort should compile best practices on incentivizing water efficiency, water conservation in both urban and agricultural settings, and appropriate approaches to minimize fire danger and promote drought relief. Such assistance to local leaders will catalyze change.

At the same time, Washington should get serious about supporting alternative energy development. Climate change, the geopolitics of oil, and recent energy price spikes all make the logic of expediting the development of clean new energy sources unassailable. How should the nation begin? One helpful federal assist would be to get energy prices right. In this respect, a national **carbon pricing sys-**

tem—in the form of a carbon tax or "cap-and-trade" system—would result in fossil-based energy prices that better reflected their true costs and so would open important market space for alternative-source energy development.¹⁸⁵ While this approach may seem burdensome in an era of \$4 gas, more accurate energy prices would stimulate conservation and demand for energy-efficient, low- or no-carbon energy alternatives. Pricing carbon correctly would have particular benefits in the Intermountain West. Higher fossil fuel prices would likely favor additional investment in the region's research labs and accelerate the development of the enormous solar, wind, and geothermal resources possessed by the Mountain states. Furthermore, energy-efficient development patterns stimulated by a price response are critical for a region facing significant development constraints.

Of course, fossil energy exploration and production will continue throughout the Intermountain West, especially considering the rising price of resources such as oil and the large store of fossil fuel resources found in the region. However, it makes sense to seek ways to use the West's conventional energy economy to help speed the emergence of its next, alternative, one. In this regard, the many negative externalities associated with the extraction of fossil fuels and their use—and the financial resources required to develop alternatives—alone suggest that the Intermountain West would be wise to urge the federal government to **dedicate a portion of royalty and licensing fees** from fossil fuel development to support R&D and commercialization of alternative energy technologies. In this way, traditional carbon-oriented extraction activities in the Intermountain West could be made to help support the development of the region's next-energy new economy.

The resource-rich Intermountain West would also benefit from other federal policies aimed at leveling the economic playing field between renewables and fossil fuels. One such policy would be to extend federal **tax credits and loan guarantees** for alternative energy generation by producers and investments by consumers. Many of the incentives that currently exist are set to expire at the end of 2008. Extending such credits and making their long-term availability more certain would go a long way toward bringing renewable energy technologies to scale.

Finally, the federal government must also facilitate and support the expansion of the national energy transmission grid, which will be necessary to supply growing areas with energy as well as to access new renewable energy resources. As part of this effort, the federal government could support development of distributed energy systems (where alternative power is generated locally) and smart-grid technology to reduce demand for new transmission lines and improve reliability of local energy delivery.

INNOVATION

A new partnership is also needed on assembling world-class innovation inputs in the Mountain megas. Western entrepreneurs, companies, workers, industry associations, universities, and investors will clearly play the largest role in building the high-performance economy of tomorrow in the Intermountain region. However, they will succeed best if they have a strong, supportive, and focused steward of innovation in Washington.

To ensure that they do, Washington should bring greater purpose and rigor to the nation's currently diffuse innovation activities while respecting, enhancing, and empowering the distinctive and promising specializations of the Intermountain West's megapolitan economies. To that end, the federal government should:

- Step up and better leverage its investments in science research and commercialization
- Establish a nimble program to support and enhance the power of local industry clusters
- Experiment with new paradigms for augmenting and commercializing alternative-energy innovation

Strategic engagements along these lines would do a lot to help the Intermountain West's megapolitan areas build on their competitive advantages, seize new opportunities, and generate higher-quality jobs.

Leverage sci-tech research capacities for economic development. The Intermountain West is well situated to pursue cutting-edge research and development work and then spin off innovative new businesses and good jobs, whether in biotech and IT or new renewable energy technologies.

To reach its full potential, though, the Intermountain West would benefit greatly from a helpful partner in Washington. Indeed, federal leadership on innovation, R&D, and commercialization would yield dividends not just for the West, but for national economic competitiveness as well.

The Intermountain West's many high quality public universities and national labs represent a significant set of economic assets. However, stagnant—and at some institutions, declining—federal funding constrains their research and innovation potential. Likewise, a growing immigrant workforce with sub-par educational attainment levels portends future employment challenges for the Intermountain megas. A year ago, the bipartisan America COMPETES Act of 2007 began to address these and other concerns. Signed into law in August of 2007, America COMPETES significantly increases federal funding for basic science R&D and science, technology, engineering, and math (STEM) education. However, Congress has not yet fully appropriated

funding for the bill. So, to secure a substantial and steady stream of funding for critical science research and education in the Intermountain West and elsewhere, Washington should **fully fund America COMPETES**, a critical step toward building an innovation economy in the West.

But the federal government should go farther: It needs to help accelerate the commercialization of university-developed and other innovation. In this regard, while the basic research performed in the Intermountain West's universities and national laboratories is crucial, so too are activities that bridge the gap between the lab and the marketplace. Most of this work will be pursued by scientists, entrepreneurs, investors, and workers working in the Intermountain West, to be sure. But Washington can and should play a helpful supportive role in two ways. First, the federal government—as the funding source for university- and lab-based research—is in an ideal position, as the Ewing Marion Kauffman foundation has observed, to encourage experimentation with new and radical ways to **promote more rapid commercialization** of university and lab-developed ideas. In particular, Washington can play an important role in collecting and disseminating information on the various new and existing commercialization models developing throughout the country.¹⁸⁶

More broadly, the federal government could do what some of America's toughest competitors are doing and establish a true **national innovation policy** that focuses innovation efforts rather than scattering them throughout various government agencies. Key ingredients of such a policy—which could be realized through a National Innovation Foundation—could include the grants to catalyze industry-university research partnerships, increased regional innovation promotion activities, technology adoption efforts, and cluster investment.¹⁸⁷ These activities would be particularly beneficial in the Intermountain West, where innovation assets abound yet overall commercialization performance remains relatively low.

Build up local export clusters. Building up and strengthening the Intermountain West's portfolio of promising yet often under-performing industry clusters is a second crucial innovation agenda as the region seeks to craft a more productive, prosperous future. Again, strategic, sustained, and intense local efforts among firms, education institutions, local and state governments, and investors will anchor the efforts.

Yet here, too, the federal government can play a supportive role in assisting the Intermountain West's entrepreneurs and economic development leaders by establishing a catalytic, bottom-up, industry-led **cluster development grant program** to further stimulate innovation. Such a program would provide funding for feasibility studies, planning, and start-up activities for new cluster initiative programs, as well as competitively awarded matching dollars for existing cluster initiative programs.

Funded activities would include combinations of training, R&D, business and workforce attraction, marketing, and technology adoption aimed at increasing innovation and productivity within existing, competitive industries. Similar programs—particularly the Employment and Training Administration’s Workforce Innovation in Regional Economic Development (WIRED) program—are already making an impact in the Intermountain megas. For instance, a three-year, \$5-million WIRED grant is helping eight New Mexico counties (including six counties from the Northern New Mexico megapolitan area) put together a regional plan for developing a green technology cluster through focused training, education, and economic development efforts in the region’s advanced manufacturing, green building, alternative energy, aerospace, microelectronics, and optics sectors.¹⁸⁸ A federal cluster grant program would build on and expand the success of WIRED—a federal pilot project that is unlikely to initiate future funding rounds.¹⁸⁹

Experiment with new paradigms for augmenting and commercializing alternative-energy innovation. Finally, the nation needs to help the Intermountain West realize its extraordinary potential to grow a globally significant innovation economy centered on alternative energy. Once again, Western scientists, entrepreneurs, investors, executives will play the largest role in making good on the vast promise of the region. However, the scale and nature of the need for new research and technology transfer argues for a federal role in implementing a new research paradigm aimed at securing a transformative “step change” in the available technology and knowledge that can be brought to bear on creating a clean economy.

To that end, the federal government should at once expand its current investments in energy research and channel some of the new investment into creating an experimental network of public-private, multi-disciplinary **“discovery innovation institutes”** aimed at speeding breakthrough energy technologies to the marketplace. These institutes (which are the subject of a forthcoming Brookings paper) would frequently be sited at universities around the West.¹⁹⁰ There, they would function as nodes of intense collaboration among multiple partners—federal agencies, research universities, established industry, entrepreneurs, and the investment community—aimed at linking fundamental scientific discoveries with technological innovations so as to create the products, processes, and services that will drive the next economy. Along these lines, the creation by the federal government of a cluster of linked discovery innovation institutes in the Mountain States and elsewhere could go a long way to bringing the region’s emerging research strengths in renewable energy technologies (such as solar, wind, and geothermal) and energy distribution to commercial fruition. Western leaders should consider urging the nation to make their region—with its

enviable array of research universities, its national labs, and its burgeoning alternative energy industry clusters—a prime test bed for this new model for collaborative, trans-lation-oriented research.

HUMAN CAPITAL

Creating an inclusive, middle-class society where educational opportunity allows upward mobility also remains significantly the province of state and local leaders, in the West and elsewhere. But the Intermountain megas’ acute human capital challenges are of a sort that call for federal engagement.

Most notably, Washington’s inability to provide the nation balanced, comprehensive, and effective immigration reform has left the southern Intermountain region grappling with the side effects of dysfunctional federal rules. Consequently, while the federal government holds exclusive authority of national immigration and border policy, the Intermountain-region megas are being left to wrestle largely on their own with the fiscal, civic, educational, and social burdens of absorbing major concentrations of legal and illegal migrants.

In view of that, Washington needs to better support Western communities as they strive to ensure the economic, social, and civic integration of large numbers of immigrants as well as other young and under-educated in-migrants.

Along these lines, the Intermountain region should insist that the federal government:

- Deliver balanced, workable immigration reform
- Support the creation of a capable, productive, diverse middle-class workforce

Deliver balanced, workable immigration reform. Long-lasting solutions to the immigration question, which is tied up with enormous global trends and remains solely the province of national policy, can only come from Washington. As the ultimate authority for deciding who can cross the nation’s borders and legally reside in this country, only the federal government can relieve the pressure that is being placed on states and localities by today’s unworkable federal rules and policies.

To fulfill its responsibilities and be a better partner to regional leaders, then, the federal government must deliver **comprehensive immigration reform**. In addition to enhanced enforcement and expanded legal channels of entry, reform strategies should include earned legalization that encourages illegal immigrants to register for temporary legal status, after security checks and substantial fees, and allows them to wait in line after legal immigrants to obtain permanent status. By taking leadership in supporting such a strategy, the federal government would end ambiguity

Thinking Like a Mega

The Wasatch Front began thinking and acting at the megapolitan level more than a decade ago when Envision Utah's famous 10-county scenarios were created, modeled, and taken to the public and community leaders in the largest outreach in Utah's history. Those scenarios clearly demonstrated the interrelationships of key issues across the Wasatch Front and Wasatch Back and that the best solutions to challenges relating to the environment, transportation, and urban growth would be found by incorporating a regional and super-regional perspective into governmental process at all levels and in all forums. The Envision Utah scenario modeling—accomplished by combining the two metropolitan planning organization (MPO) models for the first time with the assistance and leadership of the governor's office and the MPOs—tested different regional outcomes and created a new “way of thinking and doing business.”

The concept that continues to take root and bear fruit in Utah is cooperative and voluntary regional

“governance,” where local governments have and will retain their decisionmaking power but understand and help promote the best regional as well as local outcomes. The MPO boards—composed predominantly of city, county, and state leaders, plus representatives from the chambers of commerce, Envision Utah, and numerous other groups—foster and support this approach.

Envision Utah and the Wasatch Front are perhaps the best example of regional cooperation in a political environment that believes in maintaining the benefits of strong local decision making but with a strong focus on understanding how local decisions impact the entire region.

Source: Envision Utah, “The History of Envision Utah,” available at www.envisionutah.org/pdf/historyenvisionutahv5p1.pdf (July 13, 2008); Robert Grow, O'Melveny & Myers LLC, and founding chair emeritus of Envision Utah.

about immigrant legal status and coax immigrants themselves out of the shadows and into the mainstream, where they may be more productive members of society.

Washington should also **compensate state and local governments** for the impact their immigrant populations have had on the costs of public service provision. Further, the federal government should **provide seed funding for regionally-scaled and regionally-tailored public-private partnerships to better integrate immigrants** through English language instruction, civics education, welcome centers, referral services, or other activities that regional leaders identify as necessary. These federal efforts at boosting immigrant inclusion and integration would be particularly important for the Megapolitan West, where several metros, including Denver, Las Vegas, and Phoenix, have emerged or re-emerged as new immigrant gateways. Their rapid demographic changes may have left their corresponding states and localities underprepared for the flux of new migrants and lacking the appropriate resources and finances to provide needed services.

Support the creation of a capable, productive, diverse middle-class workforce. A necessary ingredient for boosting the human capital potential of the Intermountain West—and the nation as a whole—is education. While localities may be responsible for delivering education and states for managing it, the federal government has more often

than not set the stage. Among its policies over the years, the federal government has championed desegregation, protected special education with the Americans with Disabilities Education Act, and emphasized standards and accountability through the No Child Left Behind Act.

With the regional education systems of the Intermountain West facing greater and greater diversification of their student bodies, Washington can step up again to make a real difference. The federal government should take on **research and development on immigrant education** as a core function of its education policies. More diversity in the student body introduces more diverse needs in teaching, learning, and support services as new students enter the system with varying English skills, levels of preparation, and post-graduation plans. Current education capacity, quality, and methods and materials of instruction may not adequately handle all this new diversity. To really ensure that all students, regardless of their background, achieve success, regional education systems need more and sustained innovation, particularly around early interventions all along the education pipeline, from pre-K through high school to vocational and other post-secondary schools, that can determine how successfully educators can serve a wider diversity of students much better.

The federal government could support more innovation on education by providing research and development (R&D)

into transformative new education ideas, technologies, and approaches. Of all the federal government agencies, the Department of Education currently spends the smallest share of its budget on R&D. Ramped up R&D funding there could support the development of new groundbreaking projects, fielding testing and evaluation of a small fraction of them in selected schools, and supplemental grants to those schools that serve as “innovation laboratories”.

In addition, the federal government should do more to **secure the pipeline to post-secondary education**. Given that projections indicate that much of the Intermountain West can expect explosive growth in the number of high school graduates from their regional education systems, it is imperative to ensure that they are on track to earn the post-secondary credentials that have become increasingly important for good paying jobs in the 21st century marketplace. Supporting the future workforce is a matter of regional and national economic competitiveness, and so, the federal government should partner with states to create a real-time data system that tracks individual outcomes from high school through college to pinpoint any problems, allocate resources, devise interventions, and monitor performance over time. This effort would spur more collaboration between schools and colleges to ensure that students are transitioning successfully with the level of skills and preparation they need to fully complete a post-secondary degree and graduate ready to be productive members of the workforce.

Finally, the federal government should complement efforts to increase educational attainment by working also to **boost the wages of the lower income workers and their families by expanding and modernizing the EITC**. This federal engagement would not only help bridge gaps between wages and living costs but may also promote greater labor market attachment and participation and skills growth - all important assets for the economic and social well-being of the nation and its regions.

A revamped EITC would involve improving the credit's design so that a portion of EITC proceeds could be received by taxpayers throughout the year rather than as a lump sum to better meet the pattern of their expenditures. A new, enhanced EITC would also allow for greater benefits for childless workers, dual-earner couples, and families with three or more children. These three enhancements would augment the EITC's impact in the Intermountain West to such an extent that an estimated 191,986 tax filers in metropolitan Phoenix would receive an additional \$154.3 million in benefits. An estimated 95,415 tax filers in metro Denver and 86,128 tax filers in metro Las Vegas would also benefit greatly, with each region receiving roughly \$70 million more in total EITC receipts.¹⁹¹

QUALITY PLACES

Carving quality places out of the mass-produced and car-dominated suburbs of the Intermountain West, meanwhile, will also require a long-time partnership of all relevant actors—public, private, and non-profit, and federal, state, tribal, and local—to design the kinds of accessible and walkable neighborhoods that the market is increasingly demanding. In this regard, while some will reject the notion of a federal role in placemaking, the fact is that the federal government is already heavily engaged in local and regional land use development in the Intermountain West because of its primary landowner status throughout much of the west, and because its water, energy, and transportation investments have widespread effects. If the federal government is to become a more a constructive partner in the development of the Intermountain West, it needs to make a series of investments and policy reforms that provide needed support while respecting local autonomy and decision-making. Three actions would be helpful. Along these lines, the federal government should in partnership with Western leaders:

- Invest and encourage supportive public transportation
- Incentivize energy- and resource- efficient land use and building design
- Issue a sustainability challenge



Invest in and encourage supportive public transportation. Just as the region needs supportive surface transportation such as roads and rail for intercity and inter-mega transportation, it needs supportive public transit networks. Transit improves mobility by providing transportation choice to workers and residents, which is becoming increasingly critical in an era of \$4 per gallon gasoline. Transportation is also one of the most important federal levers for influencing the development of quality places.

Current federal transportation policies make it difficult for regions to develop the projects they need, by breaking up project review between the federal highway and transit agencies, and by substantially favoring financing for highway development over transit. Federal transportation policy must **remove this policy and funding bias in favor of highways** and **loosen the purse strings for transit**, such as by applying the same “80-20” federal-local match requirements common with highway projects to transit projects.¹⁹² Most of the funding for developing transit systems in the megapolitan West has so far been locally generated. Help from Washington would substantially speed up and expand these systems even further.

Similarly, the federal government should **refine existing performance standards** to ensure pedestrian-oriented design and a finer-grain mix of land uses at transit station stops. These performance standards would be used when entities are applying for new funds or funds for extending existing systems. Similarly, a **performance standard for multi-modal connectivity**, including a pedestrian-oriented component, should be applied to road projects to ensure the projects properly integrate with existing transit systems and into the neighborhood fabric.

Incentivize energy- and resource-efficient land use and building design. Providing funding for transit will not be enough to ensure that new development is energy- and resource-efficient, and protects the fragile, arid environment of the Intermountain West. To do this, the federal government should **condition receipt of federal transportation dollars on state and local governments having appropriate standards** to encourage sustainable energy development, greenbuilding, and mitigation of the heat island effect (such as through greening and roofing improvements) in urban areas.

Another way the federal government can shape the emerging megapolitan forms in the Intermountain West is by **attaching standards to federal land transfers** to cities such as Las Vegas and Salt Lake City. The federal government could require plans that show sustainability for large-scale projects before authorizing transfers. In Las Vegas, for instance, few prescriptive land use requirements exist for transfer of Bureau of Land Management land to private developers. Standards could follow the spirit of adequate public facilities ordinances by including provisions

for appropriate local water (both surface and groundwater), open space, and wildlife protection plans as part of federal land transfers.

Caution should be noted. The federal government has a history of issuing unfunded mandates to localities, and the West is especially sensitive to edicts issued from Washington. Thus, we suggest that changes to federal requirements come out of **engagement and partnership with state, local, and tribal actors** so that there is local input in decision-making and all parties contribute to a workable plan for sustainable growth. As part of this engagement process, the federal government should also provide financial support and guidance for developing appropriate local plans and standards.

Issue a “sustainability challenge.” Another way a new federal partnership could catalyze bold new problem-solving would be to issue what might be called a “sustainability challenge” to state, mega-regional, metro, local, and tribal actors.¹⁹³ This challenge, delivered in the form of a competitive grant offer, would challenge all regions to figure out the boldest, most creative, and effective new ways to better **link up disparate housing, transportation, environmental, energy, and land use policies** to achieve sustainability goals, such as a reduced carbon footprint. The grant would be performance-based, and effectively award the most ingenious and creative solutions to widespread sustainability challenges with a substantial financial carrot and flexibility in implementing federal program requirements. Perhaps originating in ongoing congressional climate discussions or in the housing or transportation appropriations processes, such a challenge would seek new approaches to assist states, megas, and metros in one of their hardest tasks: creating holistic transportation, housing, education, energy, and environmental policies. In this way, the federal government would encourage action toward a societal goal at the same time as it stimulated high-quality experimentation and feasibility of creative, new solutions. In this fashion, a bold new sustainability challenge holds real promise for stimulating a powerful wave of creative, place-based problem-solving in the megapolitan West, trumping the program stovepiping that leads to undesirable development outcomes.

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Finally, there remains the matter of supporting the emergence of new, wider-reaching and more interconnected governance mechanisms and networks to match the geographic scale and dynamism of the new reality.

Quite simply, the prosperous build-out of the megapolitan West depends heavily on getting governance right within the megas. That, in turn, argues that Washington should support megapolitan leaders’ efforts to manage the evolution of their regions given the nation’s strong interest

One Mega Is Better than Two Metros: Super-Regional Collaboration in the Sun Corridor and Elsewhere

A key element of any Sun Corridor business development effort is now the growing recognition that, in a global economy where size and concentrations of resources matter, the combination of Phoenix and Tucson adds up to much more than the sum of the two parts—to the benefit of both metros as well as the nation.

Of course, that recognition has been a while in coming. Inside Arizona, the Phoenix-Tucson rivalry is legend. Phoenix looks on Tucson as its poor country cousin and Tucson sees Phoenix as a mini-LA that has created a “Disney Desert.” And yet, in recent years the natural drift of events and the onset of the new super-regional reality has led Phoenix and Tucson (and Flagstaff) to begin competing together against Frankfurt, Singapore, and Mumbai rather than with each other.

Such a discovery of common cause has occurred elsewhere in the megapolitan era, as it did when Dallas and Fort Worth put their differences aside and rebranded their now-unified region as the “Metroplex.” To outsiders, the fact that that Dallas and Fort Worth were once bitter rivals is irrelevant, and perhaps even silly, not least because the two metros built a single new international airport (emphasis on international!) between the two.

The same is true now of the Phoenix-Tucson corridor. The two metros simply have too much at stake to be divided by petty differences, and significant cooperation between the two is well underway. Prime examples of the new spirit include the new joint University of Arizona-Arizona State University Medical School in downtown Phoenix and the nationally significant Science Foundation Arizona (SFAz) initiative. The med-

school stands as a much-needed anchor to the Sun Corridor’s ambition to become a player in the biotech industry. Likewise, SFAz—initiated in the spring of 2006 by the three statewide CEO groups, the Flagstaff 40, Greater Phoenix Leadership, and Southern Arizona Leadership Council—represents a unique multi-metro public/private push to make serious investments in scientific, engineering, and medical infrastructure that will result in transforming Arizona into a state that is even more innovative and enterprising. Much has changed since 2002, when Brookings researchers found “no significant biotech research or commercialization” in the Phoenix metropolitan area.¹⁷⁹

As to what’s next in terms of economic integration in the region, opportunities exist but will need time to unfold. The Wasatch Front and Colorado’s Front Range each share a potential for multi-metro development strategies similar to that in the Sun Corridor. However, both regions face challenges. Salt Lake City dominates the Wasatch Front and its smaller partners of Ogden, Provo, and Logan are really satellites to the core area. Denver in the Front Range has a decent-sized partner to the south in Colorado Springs, but it is somewhat disconnected economically and shares only a relatively small number of commuters with its smaller neighbor. Similarly, Albuquerque is substantially larger than Santa Fe and home to a more diverse economic base, but the two metropolitan areas are slowly knitting together with Los Alamos and Espanola to form a connected urban system throughout Northern New Mexico.

In short, interconnection is coming and will not likely stop. The bottom line for the megapolitan West: Every mega needs to locate its own competitive advantages as a regional economy, while considering what forms of cooperation between places may prove to be mutually beneficial.

in ensuring these dynamic areas reach their full potential for prosperity.

Already much valuable regional collaboration is emerging on its own. And yes, states likely have more direct influence than Washington over local and metropolitan governance arrangements and must play a lead role. However, state and local movement toward metropolitan and megapolitan cooperation remains uneven and underfunded, suggesting that the federal government can play an important role at the margin to help foster the coalescing of new, wider-angle governance systems.

And so to help megapolitan governance innovation keep pace with events, the federal government should provide a tactful mix of information and encouragement to help catalyze the emergence of more cross-boundary and mega-scaled problem-solving within and across U.S. megas. In all, Washington should lend its support without trying to micromanage.

On the information and learning front, for example, federal agencies should talk up the new geography and support broadened understanding of it—but not prescribe governance solutions. Instead, federal officials—particularly



transportation officials—should **understand the new reality** and help **stimulate and facilitate dialogue** on it, which will help federal agencies better respond to megapolitan leaders' needs. Similarly, the federal government should move to **build a top-quality information base** to support regional efforts to respond to the new megapolitan reality, and better inform its own decisionmaking. For example, much more data collection and modeling on transportation and business flows at the new scale needs to be done to allow better analysis of the growing integration of clustered metropolitan areas. To further support the learning process, moreover, Washington could help Western leadership organizations like the Western Governors Association or the Council of State Governments West create a West-wide learning network tasked specifically with facilitating cross-mega understanding, dialogue, and best-practice exchange. Such a focused learning network could speed the spread of innovative new governance solutions, both those already underway and ones not yet envisioned.

To more directly encourage mega-scaled governance innovation, meanwhile, the federal government should materially reward initiatives that join-up local and metro institutions into super-regional webs. A start in this direction would be to **tweak the federal MPO law** and related regulations to provide new incentives and assistance to MPOs to support greater consideration of transportation patterns and development patterns beyond the immediate reach of their specific territory. This would at once underscore the importance of extra- and inter-territorial planning and support it materially. But Washington could go farther

in fostering connections. First, it could establish a broad sort of **regionalism “steer”** to key categorical, block, and other grant programs that would essentially give preferential treatment or funding to recipient states, municipalities, or other entities that embrace cross jurisdictional and regional or super-regional planning and problem-solving. For example, groups of metros or municipalities that wanted to embrace inter-connected, multi-metro transit or land-use strategies could be rewarded with extra incentive funds. This would allow states and regions that wanted to fully embrace the new approach to do so and be rewarded, while others could simply proceed as they preferred.

Alternatively, and more creatively, the federal government could lay down—in partnership with state governments—a **“governance challenge”** aimed at boldly challenging megapolitan-area leaders to attempt wholesale experiments in organizing themselves.¹⁹⁴ A governance challenge, like its sibling the sustainability challenge, would stipulate no particular policy goal. Instead, it would simply reward the most path-breaking proposals available for connecting regional and super-regional governance in such key domains as transportation planning or land use or housing with substantial grant money. In addition, the governance challenge would require the participation of state government in proposals, given that localities and even MPOs remain legally “creatures of the state.” Significant grant money would be awarded in a competitive process to the partnerships of states, localities, MPOs, regional business alliances, and other entities that devised the boldest, most multi-jurisdictional proposals for improving cross-boundary coordination, service and program integration, or regional decisionmaking. Winning proposals would be rewarded with special prize resources (on top of regular block grant allocations) as well as new powers and flexibility to align disparate federal programs in support of the new vision. In this fashion, Washington could truly help Western leaders develop—and test—new variants of large-scale thinking and action.

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In sum, the time has come to make America's emerging New Heartland in the West a prime test-bed for the nation's next generation of pragmatic, far-sighted metropolitan policies.