

Economic Analysis of the New York - New Jersey Harbor Estuary: Report Calculates Economic Value of Improved Water Quality



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The New England Interstate Water Pollution Control Commission (“NEIWPCC”) announced the release of a report titled:

Economic Analysis of the New York-New Jersey Harbor Estuary (“Report”)

The project was funded wholly or in part by the United States Environmental Protection Agency in partnership with the New York-New Jersey Harbor and Estuary program and NEIWPCC.

The *Report* was completed by the management consulting company ICF.

NEIWPCC describes its purpose as an attempt to calculate the economic value of clean water in the New York-New Jersey Harbor Estuary (“Harbor Estuary”). The *Report* concludes that even relatively modest improvements to water quality can yield significant economic benefits for local households.

The Harbor Estuary is described as a naturally diverse ecological environment. It sits at the mouth of several large rivers which include:

- Hudson
- Hackensack
- Passaic
- Raritan

The Harbor Estuary is also stated to be the location of the nation’s largest and most densely populated metropolitan area. Therefore, it supports major transportation and industrial uses.

Clean water in the Harbor Estuary is deemed key to recreational activities such as safe swimming and boating, environmental safety for shoreline parks and waterfront neighborhoods, and healthy aquatic environments for wildlife.

Significant investments are stated to have been made to improve the water quality in the Harbor Estuary since passage and implementation of the Clean Water Act in 1972. Nevertheless, the *Report* states that there are still areas of the Harbor Estuary where further investments are needed to achieve the “swimmable and fishable” goals of the Clean Water Act.

The economic value of meeting such goals through analysis of four illustrative scenarios of water quality improvements is assessed. The scenarios are stated to reflect the water quality improvements, relative to

current water quality, that would occur if the Harbor Estuary met swimmable and fishable goals of the Clean Water Act as well as other standards linked to healthy ecosystems for aquatic life.

The four scenarios addressed in the *Report* include:

- Primary Contact Recreation
- Secondary Contact Recreation
- Aquatic Life
- Combined

The first two scenarios are stated to be based on water quality targets of planned improvements in the Harbor Estuary. The second two scenarios (aquatic life and combined) are described as illustrative scenarios to show the range of benefits for larger water quality improvements.

The *Report* estimates the economic benefits that would be realized directly by households that value water quality improvements in the Harbor Estuary. Benefits were quantified in terms of households' individual and total willingness-to-pay for water quality improvements under each scenario.

The *Report* concludes that:

. . . even relatively modest water quality improvements, such as those under the secondary contact recreation scenario, generate large values for households in New York and New Jersey.

The economic value of water quality improvements is assessed to depend on how much water quality improves and where. Scenarios with larger water quality improvement targets (citing aquatic life and combined scenarios) are stated to:

. . . generate even higher values for surrounding households once these water quality targets are met.

A copy of the *Report* can be downloaded [here](#).