

## CASE STUDIES: CDCUS BUILDING CLIMATE RESILIENCY

Community Development Credit Unions (CDCUs) and cooperativas play critical roles in building community resiliency, supporting their communities in recovering from and adjusting to adversity or change.<sup>1</sup> Though climate change affects us all, increasingly frequent natural disasters have an outsized impact on the people and communities CDCUs serve. CDCUs are uniquely poised to build resilience to climate-related natural disasters locally.

Emergency preparedness and business continuity plans are active in every credit union to protect the integrity of members' accounts. When natural disasters hit, CDCUs can provide emergency financial assistance to their members and financing that helps communities rebuild in the aftermath. CDCUs also offer “green loans” to install clean energy and energy efficiency systems, which can help members lower their energy costs throughout the year & provide emergency power.

In September 2022, Hurricane Fiona hit Puerto Rico. Inclusiv's [Puerto Rico Network](#) Director, René Vargas Martínez, wrote at the time:

Within a day of Hurricane Fiona's arrival, the power grid started to fail...with an island-wide blackout following soon after. Seventy-five percent of residents lost access to potable water. Communications were disrupted and entire regions have become isolated. Our 92-member cooperativas activated their contingency plans and prepared their operations to ensure business continuity...Most cooperativas have resumed operations, albeit in a limited capacity, again playing their roles as financial first responders providing access to cash and supplies when it is most needed, reminiscent of their life-saving response during Hurricane María.

The cooperativa network in Puerto Rico was integral to disaster response and community resilience, mobilizing to support their members and communities. In partnership with [COSSEC](#), [ASEC](#), and [la Liga de Cooperativas de Puerto Rico](#), Inclusiv worked to secure affected cooperativa employees and volunteers with \$250,000 in grant funding from [NCUF's CUAid program](#).<sup>2</sup> These aid dollars were quickly disbursed to residents of Puerto Rico because of the strong network of cooperativas on the island.

Whether by ensuring members can access their cash during a hurricane; making distributed renewable energy affordable so communities have off-grid power during blackouts; exploring new opportunities for community economic development; or by creating pop-up credit union branches to provide services after a flood, CDCUs are creating a new paradigm for how financial institutions can drive community resilience.



Cooperativa Sagrada Familia's branch in Naranjito, Puerto Rico (top left) constructed an "Oasis" Resiliency Center (top right) that provides a central hub for hurricane resilience and response efforts – including fuel reserves, a kitchen, and satellite internet connection (bottom right).

<sup>2</sup> COSSEC (Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico) is the regulatory agency of cooperativas. ASEC (Association of Credit Union Executives of Puerto Rico) promotes professional development and education of cooperativa executives and team members. La Liga Cooperativa is Puerto Rico's cooperativa league, building and promoting the cooperativa movement.



## KAUA'I FCU: RAPID STORM RESPONSE & STRONG COMMUNITY INFRASTRUCTURE

Thirty years ago, Category-5 Hurricane Iniki devastated the island of Kaua'i. In 2018, severe flash flooding resulted in \$180 million in damage on the island.<sup>3</sup> The COVID-19 pandemic hit in 2020, then record-breaking rainfall in 2021 caused a landslide that cut off all essential services on Kaua'i's North Shore. These natural disasters set the stage for [Kaua'i Federal Credit Union's](#) (Kaua'i FCU) resiliency efforts.

### APPROACH TO RESILIENCY

According to Kaua'i FCU CEO Monica Belz, "As a credit union, we take our mission of people-helping-people seriously." For this credit union, resiliency means building a community that can withstand and respond to stressors, whether natural disasters or pandemics, enabling their members to emerge unscathed.<sup>4</sup>

During the flooding of 2018, many of Kaua'i FCU's members were cut off from accessing resources by mudslides and flooding. Credit union staff jumped into action. Bypassing blocked and flooded roads, they used jet skis and boats to access hard-to-reach areas of Kaua'i.

Putting the credit union (via computers) in dry-bag backpacks, the team deployed pop-up credit unions so members could access their accounts and emergency FEMA recovery funds. Kaua'i FCU continues to maintain these pop-up credit unions for areas of the island still in the recovery process.

"[The] credit union is a natural extension of emergency response on the island," Belz says. Over the course of the pandemic, in 2020 and 2021, Kaua'i FCU disbursed over \$24 million to residents and businesses in rent relief, emergency loans, grants, and startup investments. The credit union also managed PPP loans and created programs to support local businesses.<sup>5</sup>

### WHAT'S NEXT?

As a Community Development Financial Institution (CDFI), Kaua'i FCU is working together with the community to build infrastructure and capacity. In 2023 and beyond, building island resiliency is Kaua'i FCU's number one priority.



In the aftermath of intense flooding in 2021, Kaua'i FCU supported emergency aid efforts across the island.

Natural disasters, such as floods and the COVID-19 pandemic, have underlined the vital importance of essential service providers, and Kaua'i FCU will continue to support first responders to deploy disaster relief quickly.

Kaua'i FCU is also investing in proactive resiliency measures. In partnership with a variety of community stakeholders, plans are underway to build a climate resiliency center on Kaua'i's North Shore. It will include hurricane shelters, an emergency management center, housing pumps, and generators that will be ready to provide essential services when needed.

Whether deploying emergency loans and offering pop-up banking during flooding and pandemics or contributing to the ongoing

effort of strengthening Kaua'i's community institutions, Kaua'i FCU works to serve their members by building resiliency at all levels. "We are committed to long term community and non-profit capacity building," says Belz, "the kind that will see us through natural disasters and uncertain financial markets to ensure that our kupuna, our keiki, our people, can feel secure and prosper."



## COOPERATIVA JESÚS OBRERO: LEVERAGING SOLAR POWER TO WITHSTAND HURRICANES

Located in Guaynabo, Puerto Rico, [Cooperativa de Ahorro y Crédito Jesús Obrero](#) (Cooperative Jesús Obrero) is often in the path of intense hurricanes. In 2017, Hurricane María caused \$90 billion in damage.<sup>6</sup> In the immediate aftermath of María, there was an island-wide blackout. Ninety-five percent of cellular sites were down and 95% of the island lost access to clean drinking water.<sup>7</sup> Thousands of Puerto Ricans were still without power nine months later, the largest blackout in U.S. history.<sup>8</sup>

### APPROACH TO RESILIENCY

Even before Hurricane María, frequent climate events motivated Cooperativa Jesús Obrero to build resilient infrastructure that can provide lower utility bills and alternative power to its members. Cooperativa Jesús Obrero President Aurelio Arroyo González describes that the cooperativa is part of the “critical infrastructure” of the community, meaning that the cooperative can help the community function on a day-to-day basis as well as prepare for and recover from natural disasters.

Cooperativa Jesús Obrero was an early adapter of solar-generated energy, exploring the possibilities of using solar as an alternative energy source in 2011, running a pilot solar loan program in 2013, and creating solar loan lending guidelines for the Cooperativa in 2014. In 2015, the Cooperativa installed a 96.5 kW solar array at its branch in Guaynabo, PR. There, solar car ports provide shaded parking structures that reduce the branch’s energy costs by 86% annually. In total, the solar system has generated 831 mWh since 2015 and offset 649 tons of CO2 emissions.



Solar carports at Cooperativa Jesús Obrero’s Guaynabo location provide electricity for the building.

Spurred further by Hurricane María and the blackouts it created; Cooperativa Jesús Obrero expanded its solar loan program to support commercial solar development. The goal is for solar to be able to provide decentralized and consistent access to electricity if the electrical grid is impacted by a natural disaster.

Since 2011, Cooperativa Jesús Obrero has financed 450 photovoltaic (PV) solar systems in 26 municipalities across the island, and its renewable energy financing makes up 10% of its total loan portfolio. These solar loans have the potential to reduce energy costs for the Cooperativa’s members. For example, a residential PV system installed in Guaynabo and financed by Cooperativa Jesús Obrero in 2016 reduced the customer’s monthly energy bill from \$250 to just \$3.

As part of expanding their solar loan program, the Cooperativa’s President took the [Inclusiv-University of New Hampshire virtual Consumer Solar Lending Professional Training and Certificate Program](#) and earned the Solar Lending Professional Certificate. While in the class, he shared his solar lending expertise with executives from other enrolled financial institutions.

### WHAT'S NEXT?

Looking towards the future, at the current rate of sea level rise almost 50% of Puerto Rico’s coastline is projected to disappear within 30 years, impacting 60% of Puerto Rico’s coastal residents.

“[The] communities we know will change drastically,” and CDCUs and cooperativas will continue to play a critical role in supporting their communities as they adapt to climate change, Arroyo reflects.



## ONPATH FCU: MAINTAINING 100% UPTIME TO SERVE MEMBERS

Shasta Leininger, VP of Operations at [OnPath Federal Credit Union](#) (OnPath FCU), says that disaster resiliency and recovery planning have always been ingrained in OnPath's operations because of its location in Louisiana, where it is regularly exposed to floods, tropical storms, and hurricanes. This informed OnPath's work to build its disaster continuity and recovery capabilities. Hurricane Ida, in September 2021, tested OnPath's resiliency approach; flooding, intense winds, and torrential rains resulted in \$95 billion in damage in Louisiana alone.<sup>2</sup>

### APPROACH TO RESILIENCY

OnPath's goal is to maintain 100% uptime during a natural disaster. To achieve this, the credit union has established a disaster continuity plan, prioritized technology upgrades, and built a strong employee support network.

At the heart of OnPath's continuity plan is the establishment of a "Strike Team" of critical operations personnel: ACH processors, call center operators, an IT team, a Chief Experience Officer, and a Chief Information Officer. The Strike Team is deployed preemptively to a location outside of a storm's projected path (in preparation for Hurricane Ida, the strike team evacuated to Houston). This ensures personnel who manage services involved in emergency response and essential credit union services

will not be subject to power outages, water damage, or other crises.



OnPath's new Interactive Teller Machines (ITM) allow members to access cash during a climate event.

OnPath has also invested in technology upgrades, including allowing its call center team to field calls from anywhere using laptops and offering mobile and online banking services. Recently, OnPath added Interactive Teller Machines (ITMs) to their main branch to automate simple transactions, freeing up the OnPath team to interact with members and assist with more complicated services. During emergencies, ITMs allow members to access their money without requiring an OnPath staff member to be physically present at the branch location, supporting safety and access simultaneously.

Despite Hurricane Ida negatively affecting 95% of OnPath's employees, the credit union was able to maintain 100% uptime. OnPath fielded 7,472 calls from its members across the 10-day span when the most severe impacts of Ida were felt in the region; disbursed 1,000 emergency loans of totaling over \$3 million (all online); and facilitated 182,144 online logins. "One of the reasons OnPath was able to service its members during this time was due to its employees' mutual support for each other, including helping to rebuild each other's houses post-storm," shared Leininger.

To facilitate smooth operations, OnPath emphasizes communication at all stages. Leininger describes, "Our communication plan for business continuity is built into our disaster preparedness plan. Our marketing team is engaged throughout the event and prepared to send out communications as each situation arises, utilizing all communication channels available to get information out." The strike team debriefs after every natural disaster to discuss what went well and what to adjust for the next storm.

### WHAT'S NEXT?

Looking forward, Leininger explains OnPath's commitment to disaster resiliency and recovery efforts. "OnPath will continue to be prepared to face these challenges head on by improving our technology infrastructure and ensuring our members have access to their money before, during, and after a disaster."



## TUOEMAS FCU: BUILDING A RESILIENT BRANCH AND LOCAL ECONOMY

[Tucoemas Federal Credit Union](#) (Tucoemas FCU) serves Tulare County in the Central Valley of California, an area of the country that continually experiences intense drought and wildfires. In 2021, thousands of people in the Central Valley ran out of water, and statewide droughts resulted in a loss of billions of dollars and 14,000 jobs.<sup>10</sup>

As the second largest agricultural community in California, Tulare County is home to the fourth largest population of farm workers in California.

“The compounding challenges of poverty, climate change, and lack of economic opportunity create the case for disaster prevention, mitigation, and adaptation,” shares Brice Yocum, CEO of Tucoemas FCU. To address these compounding challenges, Tucoemas FCU is pursuing a variety of strategies to build resiliency within the credit union and its surrounding community.

### APPROACH TO RESILIENCY

As part of this multi-pronged approach, Tucoemas FCU constructed a new, LEED-Gold certified flagship branch that includes a community space and boardroom. This branch is made of recycled and reclaimed materials, uses 40% less water, and produces 80% of its electricity through solar. The new branch also provides electric vehicle (EV) charging stations and offers EV loans in the community.

Tucoemas FCU is also collaborating with community organizations, including local colleges and smaller startups, to create “innovation institutions” to address sustainability issues within the agriculture industry and connect migrant communities to work opportunities in the region that are less climate-impacted than agriculture.



Tucoemas’ new LEED-certified branch features recycled and reclaimed materials and uses 40% less water than the previous branch.

FCU’s resiliency plan is central to fulfilling the credit union’s mission to “create financial security and real opportunity for every corner of our community,” adding that “because we live in a region where the impacts of climate change are unavoidable, our initiatives have been a required response.”

As to the opportunity for credit unions to play a pivotal role in creating resilient communities, Yocum shares, “The right time to start was yesterday...we have to start now, we have to take steps to normalize the transition to a sustainable, resilient world. Credit unions have tremendous local influence.”

### WHAT’S NEXT?

With droughts facing California every year, Tucoemas FCU is working to support development of water-efficient agricultural products through financing cannabis-related businesses (CRBs) and eventually hemp cultivation, as both hemp and cannabis are relatively water-efficient crops.

The growing market for hemp and cannabis helps create jobs for low-income communities and provides broader community benefits through local tax revenue.

Tucoemas FCU’s resiliency efforts have been informed by the climate challenges Tulare County faces. Yocum explains that Tucoemas

**INCLUSIV**

Founded in 1974, Inclusiv is a non-profit advocacy and membership organization dedicated to promoting financial empowerment for all. Our programs and services allow community development credit unions to remove economic barriers for people living in distressed and underserved communities.

Inclusiv was instrumental in establishing the CDFI Fund in 1994, is a permanent member of the national CDFI Coalition, and is a certified CDFI intermediary.

**CENTER FOR RESILIENCY AND CLEAN ENERGY**

The Inclusiv Center for Resiliency and Clean Energy (“The Center”) brings capital, support, and opportunities to enable community-based lenders to advance climate justice.

The Center has built and supports a growing network of CDFIs and other CDFIs designing and scaling solutions to climate change, with the goal of promoting affordable, sustainable energy for all people.



Above, solar carports at Tucson Old Pueblo CU in Tucson, Arizona. Tucson Old Pueblo offers a variety of “green” loan products.

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**NEXT STEPS**

Does your financial institution have a resiliency plan? Reach out to us to learn how to build resiliency in your credit union and your community. Visit our website to learn more about our work: <https://inclusiv.org/initiatives/center-for-resiliency-and-clean-energy/>

Contact Us: Fiona Laird, [flaird@inclusiv.org](mailto:flaird@inclusiv.org)

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<sup>1</sup> <https://www.merriam-webster.com/dictionary/resiliency#:~:text=%3A%20an%20ability%20to%20recover%20from.or%20change%20%3A%20resilience%20sense%202>

<sup>2</sup> COSSEC (Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico) is the regulatory agency of cooperativas. ASEC (Association of Credit Union Executives of Puerto Rico) promotes professional development and education of cooperativa executives and team members. La Liga Cooperativa is Puerto Rico's cooperativa league, building and promoting the cooperativa movement.

<sup>3</sup> <https://www.weather.gov/hfo/RecordKauaiandOahuRainfallAndFlooding-April2018>

<sup>4</sup> <https://www.cutoday.info/THE-feature/Mahalo-nui-loa-Kaua-i-You-Should-be-Proud>

<sup>5</sup> <https://www.bizjournals.com/pacific/news/2021/03/19/credit-union-aims-to-help-community-rebuild.html>

<sup>6</sup> <https://www.nbcnews.com/news/latino/puerto-rico-sees-more-pain-little-progress-three-years-after-n1240513>

<sup>7</sup> <https://www.rand.org/hsrd/hsoac/projects/puerto-rico-recovery/hurricanes-irma-and-maria.html>

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<sup>9</sup> <https://www.newsweek.com/19-days-since-hurricane-ida-new-orleans-suffering-stinky-trash-problem-1630352>

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