



**City of Long Beach**  
*Working Together to Serve*

**Memorandum**

Date: November 30, 2018

To: Patrick H. West, City Manager 

From: John Gross, Director of Financial Management  
Lea Eriksen, Director of Technology and Innovation 

For: Mayor and Members of the City Council

Subject: **LB COAST Update – Phase I “Go-Live” in April 2019**

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This memorandum provides an update on the status of the City’s new and integrated Financial, Human Resources, and Payroll system – commonly known as an Enterprise Resource Planning (ERP) system. The City’s ERP implementation project is called LB COAST (Project) and it is implementing the “Munis” system from Tyler Technologies. Significant progress has been made and the Project is moving forward at a rapid pace.

The Project is the City’s largest ever technology project. Many departments, particularly Financial Management, Technology and Innovation, and Human Resources have devoted key staff to the Project. The scope of the Project requires nearly 50 people, with many more staff contributing citywide. Implementation began in January 2017, and approximately 120,000 hours have been devoted to the Project so far. Before implementation, more than 11,000 hours and 240 City staff were involved in the process of developing 3,800 functional specifications and the selection of the software vendor. This level of effort is not unusual for an ERP implementation in a large, complex organization.

Munis is a multi-generational leap forward in modernizing the City’s business processes. Most functions and operations will remain similar, but with many improvements, including a web-based system that is more intuitive to use with improved financial controls and capabilities. A few processes are changing significantly, including a new accounting structure and a new way of managing and accounting for projects and grants.

The Project has multiple implementation phases. Phase I is the financial systems and is scheduled to go-live in April 2019, shortly before the move to the new City Hall. Phase II is HR/Payroll and is currently scheduled to go-live near the end of 2019. Phase III is the implementation of the new budget system, which is scheduled to go-live around mid-2020 and will first be utilized for the FY 22 budget process. Improvements and efficiencies in operations will continue to be made after the go-live stabilization period as the Munis system becomes much better known to staff and is used to its maximum capabilities. In addition, Munis will be continually updated by Tyler Technologies, and the City will see increased efficiencies from those updates.

The effort required to implement Munis has meant many key staff are not able to spend as much, or any time, on their normal tasks to support daily operations. In some cases, this has been occurring for many months. There is a significant strain on staff and operations,

and other City projects are being impacted, slowed down, or deferred. The already high level of effort will only increase as the Project approaches go-live and City staff go through the upcoming training and stabilization periods that begin in 2019 and stretch into early 2020. LB COAST and related work will continue through 2020 and 2021, but staffing needs will be much less. While staffing needed for implementation will decline, permanent staffing will be needed to manage ongoing Munis operations.

The Phase I (Financial Systems) design is near completion, the hardware has been installed and system testing is going well. The Phase II (HR/Payroll) design is also progressing well. The Project team has decided to implement a different timekeeping module that has more functionality than the previously planned version. This module will provide the City with additional benefits but may result in an implementation shift for Phase II. Phase III (Budgeting) will be implemented in time to be used for the FY 22 budget process. Some non-critical implementation aspects will be done post go-live and other improvements will be made continuously after go-live.

There have been extra costs for the increased staffing, but the Project is currently within budget. One reason for this is that departments have been generous with their contributions of staff, which has helped reduce staffing costs and keep costs down. It is possible the Project will need additional funding in the future to get through all its phases, but, at present, it is within budget.

As with any very large system project, there are issues that arise and have been, and continue to be, addressed. Staffing shortages are the largest challenge the Project has faced. The fully employed market, combined with extremely lean City staffing and complex City hiring practices, have all been significant issues. As a result, the strain on current staff has increased and exacerbates the diversion of current staff from daily operations and severely impacts our ability for other projects. It is an ongoing effort of the Project team to find the appropriate staff to successfully complete the project while being mindful of the need to maintain operations and other projects.

All new system implementations, particularly ERP systems, are inherently extremely complex and will have challenges at the time of implementation. This will happen regardless of the level of design, testing or training that takes place in advance. The Project team is working to minimize these challenges and we will need to work through them after go-live and the subsequent stabilization period.

The next several months are key as the procedures and training for Phase I will be completed. Many more City staff will be directly involved in some aspect of Phase I training. LB COAST has made excellent progress and staff continues to do a remarkable job. The Project team is working to minimize challenges and work through them through go-live and the subsequent stabilization period.

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Additional updates will be provided as the Project progresses. If you have any questions, please contact John Gross at (562) 570-6427, or Lea Eriksen at (562) 570-6234.

JG:DG

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