

Date: June 15, 2020

To: Thomas B. Modica, City Manager 

From: Lea Eriksen, Director of Technology and Innovation 

For: Mayor and Members of the City Council

Subject: **LB COAST: Munis Financials and Phase II Update**

LB COAST is an Enterprise Resource Planning (ERP) project, the largest technology project the City has ever done and a top City Council priority. It is a multi-year project that replaces almost all City financial, payroll and human resources (HR) systems that serve every City department, including the Harbor and Water Departments. The first phase, Munis Financials, went live in April 2019.

Over the past year, the City has been operating in the new and modern Munis financial system, which replaced a decades old system that had a significant risk of failure and obsolescence. The Munis system has allowed the City to continue to conduct everyday activities such as process purchase orders, scan invoices, process payments and manage grants. As one of the most extensive technology modernization projects the City has ever undertaken, stabilizing the system has continued to require significant efforts to resolve unexpected problems in data conversion, reporting, software, and configurations, as well as to improve staff proficiency and financial workflows. Substantial progress has been made, but the process has been slowed by vendor software problems and productivity losses from data conversion and reporting issues. Stabilization efforts are expected to continue through early 2021.

Phase II of LB COAST focuses on implementing the payroll, HR, and budget development systems in Munis to replace the existing obsolete systems. The implementation of Phase II most recently had an intended go-live date of October 2020. For a variety of reasons, including vendor software problems, concurrent Munis stabilization efforts, staff resource gaps, and the COVID-19 pandemic, the go-live date for Phase II is being revised to mid-to-late 2021. The exact date will be confirmed after a reassessment is completed with the vendor and the project team.

A delay in the go-live date is not unusual for large ERP projects and appears common for implementation of Munis HR/Payroll software in California. Rushing implementation risks major issues with payroll, something that could have very serious and costly implications. As an example, on the last payroll cycle of 2019, the old payroll system failed due to an unrecoverable error made while operating the decades old hardware, and the City came extremely close to not being able to timely issue normal payroll.

Phase II will introduce features that will be used by all 6,000 City employees and former employees, and will produce paychecks and manage benefits for all employees. Ease of use, accuracy and reliability will be critical to the success of this phase, and requires extensive testing, validation, optimization, and training for employees and departments before the go-live date. In

LB COAST: Munis Financials and Phase II Update
June 15, 2020
Page 2 of 2

general, payroll and HR systems will go-live first, followed by the new budget system. We expect there will also be a stabilization period after Phase II go-live, as City staff and departments learn to use the new systems and problems get resolved.

If you have any questions, please contact me at (562) 570-6234, Finance Director John Gross at (562) 570-6427, or Human Resources Director Alex Basquez at (562) 570-6140.

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
KEVIN JACKSON, DEPUTY CITY MANAGER
REBECCA GARNER, ACTING ASSISTANT CITY MANAGER
TERESA CHANDLER, INTERIM DEPUTY CITY MANAGER
DEPARTMENT HEADS