

September 24, 2026

The Honorable Tim McOsker
Chair, Personnel and Hiring Committee
Room 475, City Hall
Mail Stop 370

Dear Councilmember Tim McOsker:

Subject: Enterprise Resource Planning (ERP) Program – Status Report August 2026

EXECUTIVE SUMMARY:

The Los Angeles Department of Water and Power (LADWP) has prepared this report to provide the City Council with a progress update on the Enterprise Resource Planning (ERP) Program since the last report in September 2025. Key milestones highlighted in this update include the successful launch of the Phase 2 Financial Management (FIN) module on July 1, 2026, subsequent stabilization efforts, first-month close activities, and critical next steps.

Following the successful June 16, 2025, launch of Phase 1 (Human Resources and Payroll)—which modernized administrative capabilities by replacing legacy systems—LADWP successfully transitioned to the cloud-based Workday Financial Management platform on July 1, 2026. As of mid-August 2026, the department is actively navigating its initial month-end close process, supporting workforce adoption through post-go-live stabilization, and resolving initial system integration challenges.

While large-scale public sector technology transformations are inherently complex, the launch of both the HR/Payroll and Financial Management modules marks the successful completion of the core implementation phase of LADWP's ERP modernization journey. The department is actively applying key lessons learned from both implementation phases to support ongoing system stabilization and guide future technology initiatives.

BACKGROUND

LADWP initiated the ERP Program to modernize business practices and replace aging, end-of-life administrative software, including the department's core legacy mainframe—with a unified, secure cloud-based platform. This modernization strategy directly supports LADWP's commitment to:

- **Eliminating Administrative Redundancies:** Shifting from manual, paper-based operations to secure, automated workflows.
- **Enhancing Data-Driven Decision-Making:** Enabling real-time reporting and analytical capabilities across a single, integrated enterprise network.
- **Modernizing the Employee Experience:** Introducing modern, secure mobile access and intuitive self-service interfaces for employees.

To mitigate operational risk and ensure business continuity, the ERP implementation was executed in two distinct phases:

- **Phase 1** – Human Resources (HR) and Payroll: Launched successfully on June 16, 2025. This phase replaced legacy personnel systems, establishing core capabilities for HR administration, benefits, compensation, workplace safety, absence management, payroll, and time tracking.
- **Phase 2** – Financial Management: Launched successfully on July 1, 2026. This phase introduced comprehensive financial operations, encompassing banking, budget controls, customer billing, expense management, grants, projects, and supplier accounts.

Phase 1 HCM/Pay Updates:

Since its deployment in June 2025, the Human Capital Management (HCM) and Payroll module has served as the foundation of LADWP's administrative modernization. Over the past year, the system has successfully moved out of its initial post-launch stabilization phase into a state of steady-state operations. The primary focus has now shifted from basic system adoption to continuous business process optimization, ensuring that the department fully capitalizes on its automated HR transactions and maintains total regulatory compliance.

Payroll Stability and Compliance

LADWP has successfully processed all routine and special payroll cycles in a timely and accurate manner since implementation. Core system calculations,

tax withholdings, and benefits integrations continue to operate securely and on schedule. LADWP has successfully closed 31 pay roll cycles between June 16th 2025 and August 23, 2026.

Additionally, the department has utilized the new system to seamlessly meet regular collective bargaining obligations, applying negotiated contractual adjustments, routine step increases, and scheduled salary updates on time. Automating these workflows has substantially reduced manual administrative processing and minimized retroactive payment adjustments.

Continuous Improvement Initiatives

As part of the post-stabilization continuous improvement framework, the project team continues to optimize core HR transactions. Current refinement efforts are focused on streamlining the job change process, which governs the sequential movement of personnel in and out of temporary or permanent assignments.

Because these transactions must be processed in chronological sequence to maintain payroll integrity, high transaction volumes can occasionally impact processing times. The ERP project team is actively simplifying workflow approvals and establishing clearer processing timelines to eliminate administrative bottlenecks for divisional staff.

PHASE 2 Financial Management Module Go-Live:

The successful deployment of Phase 2 on July 1, 2026, represents the realization of a fully integrated enterprise ecosystem. By transitioning LADWP's financial architecture to a secure cloud platform, the department has sunset highly fragmented legacy tools and established a single source of truth for all fiscal reporting. This monumental transition was made possible through intensive cross-departmental preparation, rigorous system testing, and a comprehensive change management strategy designed to prepare the workforce for day-one operations.

The newly implemented Financial Management module comprises the following core functions:

- **Banking & Settlement:** Managing LADWP's bank accounts, processing daily cash transactions, and securely handling incoming and outgoing electronic payments.
- **Budget:** Planning, tracking, and controlling public funds to ensure departments stay within their approved spending limits.
- **Customer Accounts:** Creating and sending invoices, tracking

money owed to LADWP, and processing payments from residents, businesses, or other external entities.

- **Travel Expenses:** Tracking, approval, and reimbursing business-related travel and out-of-pocket spending incurred by employees.
- **Foundational Data Model (FDM):** The underlying "financial map" or organizational structure that standardizes how all transactions are labeled, sorted, and reported.
- **Financial Accounting:** The central system of records that tracks all LADWP's financial transactions to generate accurate, audit-ready financial statements.
- **Grants:** Managing, tracking, and reporting on funding received from federal, state, or private sources to ensure strict compliance with donor requirements.
- **Projects:** Tracking the budgets, timelines, resources, and overall costs associated with specific LADWP initiatives, such as infrastructure improvements or community programs.
- **Supplier Accounts:** Managing relationships, invoices, and payments for vendors, contractors, and suppliers who provide goods and services to LADWP.

Prior to the Phase 2 launch, the project team executed extensive preparation activities to guarantee data accuracy and system reliability:

Systems and Technical Readiness

- **Data Migration & Mapping:** Successfully mapped and validated over 110,000 active legacy work orders to new system identifiers and mapped 26,000 legacy General Ledger accounts into the modernized Foundational Data Model (FDM).
- **System Testing:** Conducted 67 weeks of thorough systems testing, identifying and resolving 505 defects prior to launch.
- **Technical Integrations:** Developed 66 secure, complex data integrations to flow information seamlessly between the new platform and external utility systems.
- **Reporting Capabilities:** Designed, built, and tested 131

standard and custom business reports to ensure day-one operational visibility.

Training and Change Management

- **Performance Support Assets:** Created and delivered 155 support resources (including step-by-step job aids, video tutorials, and reference guides).
- **Training Program Completion:** LADWP employees successfully completed over 11,000 learning modules across 26 customized learning pathways.
- **Change Network Engagement:** Facilitated 34 change network sessions with over 6,600 attendee sign-ins to align divisional leaders on operational changes.
- **Operational Dress Rehearsal:** Conducted an intensive 8-week dress rehearsal involving 1,000 employees, supported by 300 hours of dedicated coaching.
- **Readiness Assessment:** Maintained open feedback channels by analyzing over 4,000 responses across three readiness surveys.
- **Onsite Support & Command Center:** Provided 184 hours of live technical assistance, resolved 244 helpdesk requests, and answered 1,663 interactions through automated chat support. Walk-in technical support remained active at the John Ferraro Building (JFB) headquarters through August 13, 2026.

Initial Successes Since Go-Live

In the brief period since the July 1 launch, the Financial Management module has already demonstrated significant improvements in operational velocity and transaction accuracy. Despite the typical challenges of a major platform transition, crucial financial operations, most notably Accounts Payable and Expense Reimbursement, have maintained business continuity while yielding immediate, tangible benefits. Early metrics reflect not only rapid technical stability but also high rates of employee and vendor adoption.

Accounts Payable & Supplier Invoices

- **Successful Processing:** Approved 16,863 supplier invoices and disbursed payments for 16,172 invoices.
- **Volume & Savings:** Managed over \$672 million in transactions while achieving a 96% early-payment discount capture rate, securing significant cost savings for the department.
- **Processing Efficiency:** Invoices averaged just 4 days from department receipt to voucher creation, and 9 days from scanning to voucher creation, with 83% of all invoices fully processed in under 30 days.
- **Modernizing Payments:** Transitioned 102 suppliers to secure Electronic Funds Transfer (EFT) payments and issued 2,572 checks.

Travel & Expenses

- **Transaction Volume:** Approved 195 business travel authorizations and 243 employee expense reports.
- **Direct Deposit Adoption:** Successfully shifted 42% of employee expense disbursements to direct deposit (81 out of 192 payments), representing a significant modernization improvement from zero direct deposits prior to go-live.
- **Administrative Efficiency:** Enabled direct system entry for airfare and car rentals, and automated electronic disbursements for travel advances and reimbursements. This process modernization eliminates the manual collection of physical checks and provides complete, end-to-end trip transparency within a single platform.

Areas of Continued Focus

As the program navigates its initial stabilization cycle, the ERP project team is actively monitoring and addressing operational friction points. Sustaining long-term system health requires moving beyond initial data processing toward fine-tuning business logic, resolving administrative bottlenecks, and cementing permanent post-production support frameworks. Addressing these targeted areas of concern will protect system integrity, guarantee internal controls, and support the department through future system updates

- **System Refinement:** In alignment with post-stabilization best practices, the project team is actively evaluating workflows to refine system configuration,

boost efficiency, and optimize system usability. LADWP is also considering future configuration roadmaps.

- **Post-Production Governance & Change Control:** LADWP has established a permanent operations support model and a rigorous Change Control process. This framework ensures alignment, security compliance, and proper change-management protocols as the department maintains configuration settings, updates business processes, and adopts future software releases.

Lessons Learned:

As the department transitions from deployment to post-go-live stabilization and continuous optimization, formally capturing the strategic and operational lessons from this large-scale transformation is critical. The following key insights are actively being applied to support current system stabilization, refine departmental business processes, and inform future technology initiatives to ensure the long-term strategic objectives of this investment are fully realized:

Visible Leadership & Clear Governance

- **Executive Sponsorship:** Sustained, visible leadership and active executive sponsorship ensured alignment across executive management, business units, and technical teams, enabling decisive action during critical project pivots.
- **Agile Decision-Making:** Structured governance forums and PMO discipline established clear escalation paths and transparent, rapid decision-making across complex cross-functional workstreams.

Rigorous Testing & Operational Readiness

- **End-to-End Validation:** Comprehensive multi-phase testing, user acceptance cycles, dress rehearsals, and full-period close simulations were essential to building operational confidence and verifying system readiness.
- **Objective Quality Gates:** Adhering strictly to pre-defined, measurable entry and exit criteria established clear decision thresholds that minimized cutover and go-live deployment risks.

Early Focus on Data Quality & Integrity

- **Dedicated Workstream:** Data readiness and conversion must be established as early, dedicated workstreams rather than treated as late-stage implementation activities.
- **Source Data Cleansing:** Early, iterative data validation and cleansing at the source are vital to preventing downstream reporting anomalies, translation errors, and integration discrepancies.

Sustainment & Value Realization

- **Post-Deployment Focus:** Go-live is the foundation rather than the finish line;

- realizing the full return on investment requires sustained focus on end-user adoption, training reinforcement, and process continuous improvement.
- Operational Ownership: Success relies on early, deliberate transitions of system ownership, functional expertise, and configuration management from the project implementation team to permanent operational leaders.

These lessons underscore that the ERP implementation is not an end point, but a foundational milestone in LADWP's broader modernization agenda. By embedding these key principles into established post-production governance and change control frameworks, the department will ensure that the Workday platform continues to evolve—driving greater administrative efficiency, enhancing data-driven decision-making, and delivering sustained value for the City of Los Angeles and its ratepayers.

If you have any questions, please contact Paul Habib, Director of Legislative and Intergovernmental Affairs, at Paul.Habib@ladwp.com or (213) 367-3846.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'D. Hanson', with a stylized flourish at the end.

David Hanson
General Manager and Chief Engineer

c: Hon. Monica Rodriguez, Councilmember, 7th District
Norma Grubb
Kendal Helm
Paul Habib