



## INTER-DEPARTMENTAL POLICY

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Sunset Date: 12/12/2027

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### Artificial Intelligence (AI) Policy

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#### **I. POLICY STATEMENT AND PURPOSE**

This document establishes a robust framework of guidelines and principles for the ethical and efficient utilization of artificial intelligence (AI) within the City of Sugar Land. Embracing the dynamic potential of AI to enhance services and processes, our goal is to integrate AI alongside other cutting-edge technologies, fostering the development of a smart and sustainable City and community. The creation of this guidance was largely spurred on by the rapid and widespread deployment of generative AI technologies.

As artificial intelligence (AI), particularly generative AI, continues to evolve, advancements and innovations are anticipated to persist. Nonetheless, the guiding principles outlined herein are intended to remain steadfast. They serve as a foundational framework for the City's utilization of AI, while this policy is viewed as a living document adjustable to the constantly evolving landscape of AI. Both the principles and policies are designed to ensure consistency, ethical standards, and reliability in the deployment and management of AI technologies within our community.

At the core of our strategy lies a steadfast commitment to aligning AI integration with established best practices and commitments, particularly in risk management, while prioritizing security, transparency, accountability, and adherence to other ethical principles. Recognizing the dual nature of AI, with its capacity for improving operational efficiency and social equity as well as posing risks if not appropriately governed, our guidelines prioritize responsible AI usage. Acknowledging these potential risks, the City of Sugar Land aims to set a standard for AI innovation in local government, balancing both trailblazing values and responsible governance.

#### **II. SCOPE**

This policy applies to all City departments, employees, and entities involved in the development, procurement, deployment, or use of AI technologies.

#### **III. GUIDING PRINCIPLES**

Our Guiding Principles establish the foundation for all AI use within the City, setting clear expectations for responsible innovation. These principles serve as touchstones to ensure that every AI initiative aligns with our commitment to ethical standards, community trust, and sustainable progress.

### **Guiding Principle 1: WE WILL BE PURPOSEFUL**

Employees are encouraged to experiment with the application of AI through controlled trials or small-scale pilot projects to assess the feasibility, effectiveness, and impact of integrating that AI technology into specific use cases. The engagement of AI should address City business or service issues, be purpose-driven, and align with providing a life even better than one can imagine.

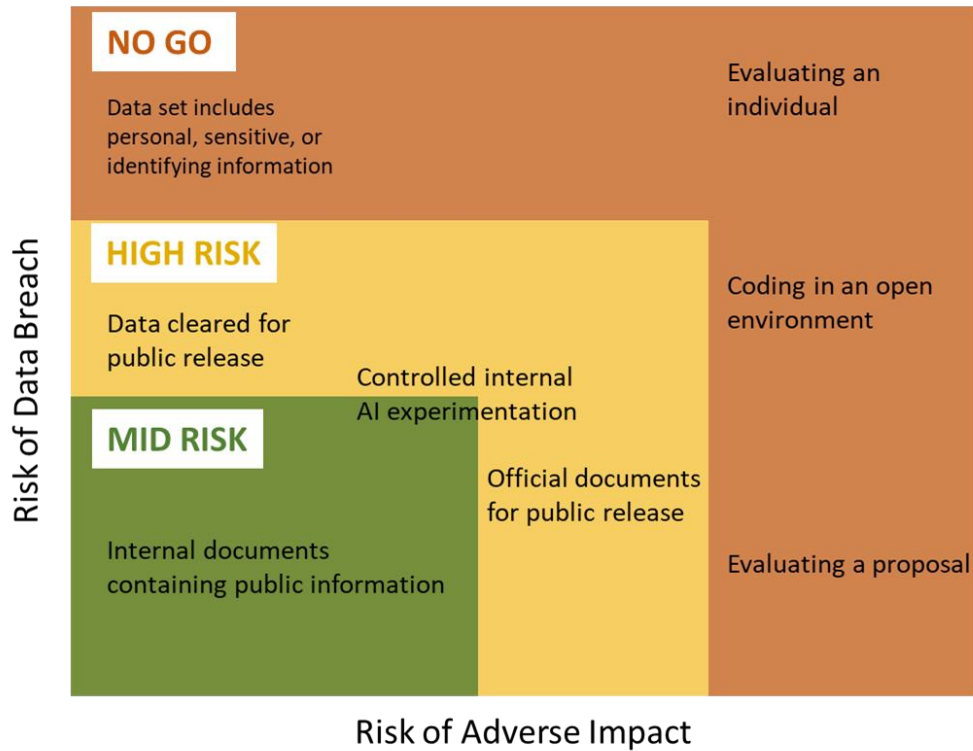
The City's use of AI is intended to be results-driven, helping to streamline bureaucratic processes, optimize resource allocation, and improve decision-making by analyzing large amounts of data. Employees are advised to consider ethical implications and ensure that biases are mitigated throughout the development and deployment of AI systems, thereby guaranteeing these systems serve the public good.

### **Guiding Principle 2: WE WILL MANAGE RISK**

The application of new technologies almost always comes with risks and unintended consequences. Before applying AI technologies, responsible parties should make a deliberate and reasonable attempt to identify potential risks, liabilities, likely consequences, severity of consequences, risk responses, and potential mitigations. AI users should determine with a high level of confidence which identified risks are acceptable and those that might render the application of AI unsuitable. When a user plans to apply AI technology to a data set for a specific purpose, process, or result, they should consider the potential consequences and risks of that effort escaping its original purpose.

Designing an all-encompassing, one-size-fits-all, AI Risk Matrix evaluation tool would fail to fully protect Sugar Land's citizens and employees from the potential negative consequences of errant AI use. Therefore, it rests with the process owner, those who will employ AI for generative purposes, to consider potential risks and outcomes. The responsible party may wish to collaborate with other process owners, participants, and end users, to ask the "what if" questions necessary to identify risks and determine acceptability. An example AI Generative Risk Matrix is provided.

### Example Risk Matrix – Generative AI



### Guiding Principle 3: WE WILL ENSURE CREDIBILITY, ACCOUNTABILITY, & TRANSPARENCY

As trailblazing public servants, the scrutiny that accompanies this brand of service should be accepted and embraced. A commitment to maintaining a standard of transparency in all efforts, including the use of AI technologies, should be upheld.

The City's AI efforts should be committed to credibility, reliability, sustainability, and verifiability. Ensuring the mathematical accuracy and scientific soundness of AI technologies for each specific application should be a priority. Industry standards for margins of error should be adhered to, validating the reliability and accuracy of AI products.

Staying informed about industry standards, best practices, and emerging research is expected of AI users and process owners. Relevant updates and advancements should be actively incorporated into the City's AI initiatives to keep AI use current, effective, and aligned with the latest developments in the field.

Accountability for the processes, results, and consequences of AI products and outcomes should be maintained. Transparency is empowered through discernible AI-generated content, with visible markers such as watermarks. When content generated by AI is publicized, an effort to specify this to the public should be made.

#### **Guiding Principle 4: WE WILL PROVIDE PRIVACY, SAFETY & SECURITY**

In all applications of AI technology within the City, security, safety, and privacy should be prioritized. AI systems should uphold confidentiality, with stringent safeguards in place to prevent unauthorized access or use. Efforts should consistently focus on minimizing risks to individuals. Preservation of privacy is paramount, necessitating the protection of personally identifiable information (PII) and other sensitive data, including that which may jeopardize homeland security, from unauthorized disclosure, access, or manipulation.

To ensure adherence to these principles, consider the following actionable methods:

1. **Understanding Data Usage:** Before engaging with an AI system, users should be familiar with its data collection and utilization processes, and possible sale of data to third parties. Review associated privacy policies to grasp the scope of data collection, processing methods, and access protocols.
2. **Minimal Disclosure of Personal Information:** Users should limit the provision of personal information to only what is strictly necessary for the effective use of an AI system. Users should also exercise caution in sharing sensitive data, disclosing it only when indispensable.
3. **Regular Permissions Review:** Users should routinely assess permissions granted to AI programs on their devices. Authorize only those permissions indispensable for optimal functionality.

By adhering to these practices, the City can ensure that AI technologies operate within a framework that prioritizes security, safety, and privacy for all stakeholders.

#### **Guiding Principle 5: WE WILL CULTIVATE EQUITY & INTEGRITY**

The responsible development and deployment of AI necessitates a commitment to inclusivity, respect, fairness, and freedom from bias. Inclusivity is paramount; AI prompts should be constructed with all stakeholders in mind, regardless of background or identity. Inputs used for algorithms should undergo rigorous scrutiny to ensure the output generated by AI will be fair and free from bias or stereotypes. Input data and prompts should not be simultaneously entered into an algorithm in a way that reinforces or suggests existing biases or stereotypes. Furthermore, prompts should not be written to generate a desired answer; instead, they should rely on value-neutral language so the validity of the resulting responses can be confirmed for accuracy, fairness, and freedom from bias. Adherence to these principles ensures that AI systems benefit everyone and uphold accountability in the City.

#### **IV. DEFINITIONS**

**Artificial Intelligence:** “Artificial intelligence” or “AI” is a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments. Artificial intelligence systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action.

**Algorithm:** A series of logical steps through which an agent (typically a computer or software program) turns particular inputs into particular outputs.

**AI System (also referred to as AI Solution):** Technology-based tools or systems that use artificial intelligence to solve specific problems, make decisions, or automate tasks, often enhancing efficiency and accuracy in processes.

**Annual AI Update:** An opportunity for departments to review their overall AI use with the AI Advisory Board. The update is meant to assess a department’s alignment with strategic goals in regard to AI use, evaluate the effectiveness of AI applications, and identify areas for improvement, ensuring responsible, secure, and innovative AI practices across the department.

**City:** Refers to the municipal government of the City of Sugar Land, including all its departments, agencies, boards, commissions, and any affiliated entities acting on behalf of the municipality.

**Generative AI:** A type of artificial intelligence that creates new content, such as text, images, or music, based on patterns and data it has learned. Examples include chatbots that write text or tools that generate artwork.

**Human-in-the-Loop (HITL):** The application of human oversight, intervention, or review throughout the various stages of an AI system’s decision-making process. HITL ensures AI’s actions will align with the City’s desired outcomes and guiding principles.

#### **IV. ROLES & RESPONSIBILITIES**

1. Departments shall:
  - a. With as-needed guidance from the AI Advisory Board, define the intended use, objectives, and goals when adopting AI solutions, ensuring they align with the City’s strategic priorities and the AI Guiding Principles.
  - b. Collaborate with AI Advisory Board to review AI solutions, identify potential risks, and implement any recommended mitigation strategies.
  - c. Conduct Annual AI Update of implemented AI solutions in partnership with the AI Advisory Board.
  
2. Data Governance Committee shall:

- a. Provide internal AI policy direction.
  - b. Endorse staff awareness campaigns and educational initiatives to inform and engage staff on AI-related activities, their purpose, and potential impact.
3. Data & Innovation shall:
- a. Work with departments to safely implement new and existing AI solutions.
  - b. Provide ongoing training and resources to employees involved with AI, focusing on AI literacy, ethical considerations, privacy protection, and responsible AI practices, encouraging a culture of exploration and growth.
4. AI Advisory Board
- a. Provide updates to departments on the development of AI systems and assist integration of new AI technologies into departmental operations.
  - b. Establish a chair position within the board. This position can be a staff member, staff position, or department.
  - c. Assist departments with their Annual AI Update and initial plan for AI use.

**V. ATTRIBUTION, ACCOUNTABILITY, & TRANSPARENCY**

1. When AI-generated text, images, or video content is used substantially within an official document, public-facing communication, or formal report, proper attribution to the AI system must be provided. This includes any content that represents the City’s stance, communicates official information to the public, or contributes directly to policy or procedural documents. Where feasible, employees should embed attributions and citations to the appropriate AI solution and the City of Sugar Land within the content itself (e.g., via digital watermark or metadata).
2. Departments are responsible for determining what constitutes “substantive use” in line with the principles of this policy and any relevant intellectual property laws.
3. If a significant portion of source code produced by an AI system is incorporated into a final software product—or if any portion of it is critical to a key function—attribution to the AI system must be included through comments within the source code and in any related product documentation.
4. All attributions should specify the name of the AI system used and include a Human-in-the-Loop (HITL) statement, which identifies the department or team responsible for reviewing or editing the content.  
*Example: Some material in this brochure was generated using ChatGPT 4.0 and was reviewed for accuracy by a member of the Economic Development Department before publication.*

## **VI. PUBLIC RECORDS & CITY RECORDS MANAGEMENT**

1. Any records generated, used, or stored by AI solutions are considered public records and are subject to open records requests.
2. Best practices recommend AI solutions used by the City should support the retrieval and exportation of inputs (prompts) and outputs, either through built-in system functionality or by ensuring these capabilities are included in vendor contracts.
3. City staff utilizing AI solutions must ensure that records of final products utilizing AI are maintained or accessible, in alignment with this policy, the applicable retention schedule, and records management requirements.

## **VII. ACQUISITION OF AI TECHNOLOGY**

1. City employees are encouraged to explore and adopt generative AI software tools that align with the City's strategic goals and ethical standards, fostering innovation and creativity in daily operations.
2. The Data & Innovation Department or AI Advisory Board will provide support and guidance to employees looking to implement new AI tools, offering advice on responsible use, data privacy, and ethical considerations. This department is available for consultation but is not required to approve the acquisition or use of AI technologies.
3. Employees may acquire AI technology, including free-to-use software or software-as-a-service tools, in accordance with the City's software acquisition and development policy, with flexibility emphasized to promote the exploration of cutting-edge technologies.
4. Departments acquiring or adopting major AI technologies should complete (or ask the vendor to complete) an AI FactSheet to ensure informed decision-making and alignment with the City's strategic priorities and guiding principles. The FactSheet serves as a foundational document to evaluate the suitability, risks, and benefits of proposed AI solutions. AI FactSheets should be submitted to a member of the AI Advisory Board.
5. If an existing technology in use by the City adds or incorporates AI capabilities, employees are encouraged to utilize these features, provided they adhere to the principles outlined in this policy.
6. The City reserves the right to limit or adjust the use of any AI technology if significant risks emerge. In such instances, the AI Advisory Board will collaborate with the relevant teams to find alternative approaches or modifications.

## VIII. SUNSET PROCEDURES

If an AI system operated by the City of Sugar Land or on its behalf ceases to provide a positive utility to stakeholders, then the use of that AI system must be halted unless express exception is provided by the City Manager or City Council, or equivalents. If the abrupt cessation of the use of that AI system would significantly disrupt the delivery of City services, usage of the AI system shall be gradually phased out over time.

## IX. ONGOING POLICY REVIEW & ADAPTATION

Given the rapidly evolving nature of artificial intelligence technologies, this policy is subject to regular updates. The City of Sugar Land acknowledges that new laws, emerging technologies, and evolving best practices will necessitate periodic revisions. These updates will ensure the policy remains responsive and aligned with current standards. Departments are encouraged to stay informed about changes and contribute feedback to the ongoing development of AI-related governance.

## X. REFERENCES

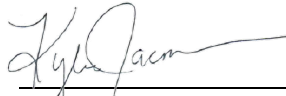
1. **ChatGPT by OpenAI.** Some material in this policy was generated using ChatGPT 4.0 and was reviewed for accuracy by a member of the Strategic and Government Affairs Department before publication.
2. **City of San José Artificial Intelligence (AI) Policy Template.** San José, CA. Published December 2023. Available at: <https://www.sanjoseca.gov/home/showpublisheddocument/109740/638458754603170000>
3. **City of Seattle Generative Artificial Intelligence Policy.** Seattle, WA. Available at: <https://seattle.gov/documents/Departments/SeattleIT/City-of-Seattle-Generative-Artificial-Intelligence-Policy.pdf>
4. **City of Tempe Ethical Artificial Intelligence (AI) Policy.** Tempe, AZ. Available at: <https://tempe.gitbook.io/data-policy-and-governance/data-policy/ethical-artificial-intelligence-ai-policy>

## XI. RESOURCES

- [GOV AI Coalition](#)
- [Data & Innovation's Training and Education](#)
- [Idea Academy](#)
- [IT 121 – Software Acquisition and Development Policy](#)
- [AIXploria](#) (List of AI Tools)
- [AI FactSheet](#)

**XII. APPROVAL**

RESPONSIBLE OFFICE:



DATE:

12/13/2024

Director Name, Department Name

ASSISTANT CITY MANAGER:



DATE:

01/06/2024

DCM/ACM or Executive Director

## **APPENDIX**

### **Exhibit A**

#### Decision Tree

The Decision Tree is based on the City's AI Guiding Principles and is designed to assist employees in determining whether a specific use case is appropriate for AI solutions, especially when experimenting with new solutions. While we strive to be trailblazers in adopting AI technology, this tool helps balance innovation with the need for safe, secure, and ethical AI use.

**1. Is the AI use case purpose-driven?**

- Yes → Proceed to next question.
- No → Reject the use case.

**2. Have potential risks and consequences been identified?**

- Yes → Proceed.
- No → Conduct a risk assessment.

**3. Are the ethical implications and bias mitigations considered?**

- Yes → Proceed.
- No → Refine use case to address biases.

**4. Does the use case ensure credibility, accountability, and transparency?**

- Yes → Proceed.
- No → Revise approach.

**5. Is privacy, safety, and security maintained?**

- Yes → Proceed.
- No → Revise to protect sensitive data.

**6. Does the AI application ensure equity and integrity?**

- Yes → Green light for pilot or deployment.
- No → Reassess or modify to ensure fairness.

## Exhibit B

### Examples of Do's and Don'ts for AI Use

#### 1. Drafting Documents

##### Do's:

- **Do use AI to generate drafts:** AI can create initial drafts for reports or memos, saving time on document preparation.
- **Do provide clear and detailed prompts:** Include specific instructions to help AI generate tailored content.
- **Do review and edit all AI-generated drafts:** Ensure the content meets City standards and is factually correct.

##### Don'ts:

- **Don't rely on AI for final versions:** Always perform a final review to ensure accuracy and appropriateness.
- **Don't input confidential information into prompts:** Avoid sharing sensitive data or legal documents when generating content.

#### 2. Analyzing Data

##### Do's:

- **Do use AI to analyze trends:** AI can help identify patterns in data, such as survey responses or operational metrics.
- **Do ensure data context is provided:** Specify the timeframe and scope for more relevant insights.

##### Don'ts:

- **Don't use AI as the sole decision-making tool:** AI insights should inform, not replace, human judgment.
- **Don't analyze incomplete datasets:** Ensure the data used is accurate and complete before relying on AI analysis.
- **Don't input sensitive data:** Avoid using any data not ready for public viewing or Personally Identifiable Information (PII), such as names, addresses, and social security numbers.

#### 3. Conducting Research and Policy Analysis

##### Do's:

- **Do use AI to assist with research:** AI can summarize large reports or gather data for policy proposals.
- **Do cross-check AI research:** Ensure all findings are verified by consulting sources or experts.

- **Do use AI to explore multiple perspectives:** AI can generate diverse viewpoints, aiding in a more comprehensive analysis.

**Don'ts:**

- **Don't rely on AI alone for policy decisions:** Human oversight is essential for interpreting AI research.
- **Don't assume AI-generated research is comprehensive:** Always validate the depth and accuracy of AI-generated content.