

SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

POLICIES & PROCEDURES MANUAL

POLICY 61.060 - Generative Artificial Intelligence (AI) Policy

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1. PURPOSE:

The City of San Bernardino Municipal Water Department (SBMWD) is committed to the responsible, secure, and ethical use of Artificial Intelligence (AI) technologies. AI has the potential to improve operational efficiency, enhance services to residents, and support employees in their work. However, the use of AI in the workplace must align with legal requirements, SBMWD Policies and Procedures and ethical considerations.

This policy provides a framework to ensure AI technologies are used safely, transparently, and in compliance with applicable laws, including California state regulations, federal standards (such as National Institute of Standards and Technology (NIST) and Executive Orders on AI Safety), SBMWD Policies and Procedures and public sector best practices.

AI systems have become increasingly popular and prevalent in all areas of society today. SBMWD recognizes the opportunity for a guided and responsible approach for using AI in the workplace that acknowledges the benefits while minimizing the risks around AI bias, privacy, and cybersecurity. AI is a valid and useful exploratory "personal assistant" tool that can enhance productivity and support for some tasks; however, employees should not rely too heavily on this technology or use it to support tasks involving sensitive and/or confidential information and documents or critical processes utilizing information that should not be available for potential public consumption.

Please refer to Department Policies and Procedures to ensure a framework of fairness when using AI which must not replace human oversight. Pertinent SBMWD Policies and Procedures may include the Code of Ethics, Employee Confidentiality, Department Communications

Systems/Equipment among others depending upon the circumstances. Integration of any non-contracted AI systems without an executed SBMWD license agreement is not permitted due to privacy and security risks that these systems pose to Department data.

It is likely that employees will or are already utilizing other free and/or non-Enterprise AI systems which may access and expose sensitive information, share sensitive data with external entities without consent, and introduce vulnerabilities to your devices. This applies to common systems like Chat GPT, Otter.ai and Read AI, as well as other AI meeting assistants such as Atlas, Avoma, Colibri, Compas, Dubber, Fathom, Fireflies.ai, Gong, Grain, Meet Record, MeetGeek, and Sembly.

2. SCOPE:

This policy applies to all SBMWD employees, contractors, third-party vendors, and any other individuals using AI technologies within SBMWD's operations. It includes:

- AI tools for data analysis, predictive modeling, and automation.
- Generative AI tools, such as ChatGPT, Google Gemini, and similar platforms.
- AI-powered decision-support systems and automation in public services.
- The procurement and deployment of AI-enabled software or services.

3. General Policy on AI Usage:

3.1 AI Ethics and Principles

All AI tools and systems used within SBMWD must adhere to the following principles:

- **Accountability** - Employees remain responsible for AI-assisted outputs and must ensure accuracy and compliance with department policies.
- **Transparency** - AI-generated content or decisions must be clearly identified, and residents should be informed when they are interacting with AI systems.

- **Privacy and Data Security** - AI tools must comply with the Health Insurance Portability and Accountability Act (HIPAA), Criminal Justice Information System (CJIS), Internal Revenue Service (IRS), and California Consumer Privacy Act (CCPA) regulations to protect sensitive data.
- **Avoiding Bias/Mitigating Risks** - Human oversight must be exercised when using and reviewing AI output. AI must be evaluated for fairness, and outputs must be reviewed to prevent discriminatory results. Ensure the data used for analysis is complete and accurate. Use AI findings as only a starting point for deeper investigation. Carefully review, verify, and fact-check via multiple sources the content generated by AI to eliminate instances of bias, offensive, inaccurate, or harmful material. Acknowledge that Generative AI systems can reflect cultural, social, and economic biases of source material. The employee is responsible for verifying that the information is accurate to mitigate biases and misinformation.
- **Legal Compliance** - AI use must align with federal, state, and local laws, including Freedom of Information Act (FOIA) and Public Records Act requirements.

3.2 Digital Tools and Generative Artificial Intelligence

Digital tools and Generative AI may serve a purpose in advancing SBMWD's mission to serve the public. As of the writing of this policy, Generative AI is a technology that can produce various types of content, including text, imagery, audio, and synthetic data. Digital tools and Generative AI can assist employees in their work. Every member of the organization is expected to be professional and accountable when using technology.

Users are responsible for the outcomes of any tool that is used, digital or otherwise. Digital tools and generative AI present opportunities and have limitations.

The confidentiality of information and personally identifiable data must be considered when using any digital tool or Generative AI, and every employee is expected to adhere to department security measures. **Under no circumstances should employees upload, process, or share sensitive, confidential, or personally identifiable information (PII) using AI tools or external AI platforms.**

Please opt out of data collection and sharing whenever possible. Gen AI retains the data you input and the content it generates as part of its training and self-learning processes. Sometimes, this data is shared with third parties. This means every interaction with Gen AI may be saved and utilized to improve its functionality over time. Many Gen AI systems allow you to opt out of data collection (or delete your chat history), meaning they will not keep any of the data you provide, and those data will not be used in the systems' models.

Digital tools and Generative AI may also contain or amplify biases. Staff should recognize that bias may exist, thoughtfully select the right digital tool for any task, and mitigate unintended bias that may influence the work product. Employees should follow any guidelines or policies produced by SBMWD's Information Technology section related to the use of digital tools and Generative AI and seek their guidance if they are unsure about the use of these technologies.

SBMWD is dedicated to using technology responsibly and in alignment with Department values, reflecting a commitment to inclusion, respect, and public service. The use of digital tools and Generative AI should be for a public purpose and uphold public trust.

3.3 Approved Use Cases for AI

Employees may use AI only for the following **authorized** purposes:

- ✓ Drafting emails, memoranda, and reports.
- ✓ Conducting research and summarizing public data.
- ✓ Assisting in data analysis for infrastructure planning.
- ✓ Automating repetitive administrative tasks to improve efficiency.

All other AI use cases **must** be pre-approved by the IT Section before implementation.

3.4 Prohibited Uses of AI

Employees **must not** use AI for the following:

- ✗ Processing **confidential or personally identifiable information (PII)** (e.g., customer billing, health records).

- ✗ Making autonomous decisions in hiring, employee evaluations, or public service eligibility.
- ✗ Using AI to draft **legal, policy, or regulatory decisions** without human oversight.
- ✗ Uploading proprietary SBMWD data into external AI platforms without approval.
- ✗ Engaging in **unethical, discriminatory, or biased AI practices**.

4. AI Procurement and Vendor Requirements:

- All AI tools must undergo **security and compliance review** by the IT Section before procurement.
- Vendors must demonstrate **compliance with data privacy, cybersecurity, and ethical AI standards** before contract approval.
- AI contracts must include provisions ensuring **data ownership and non-use of proprietary department data for AI training**.

5. Reporting AI Risks and Violations:

- Employees should report any **concerns related to AI use, potential data security risks, or policy violations** to the IT Section.
- The IT Section will review reports and take appropriate action, which may include additional training, policy revisions, or corrective measures.
- Repeated or intentional misuse of AI tools may result in further review and potential disciplinary actions in accordance with existing SBMWD policies.

6. Policy Review and Amendments:

- This policy will be reviewed annually to ensure it aligns with **emerging AI regulations and best practices**.
- Updates will be made as necessary to reflect **technological advancements, legal requirements, and operational needs**.

This AI policy ensures **SBMWD's responsible adoption of AI** while maintaining **security, privacy, and ethical compliance** for public sector operations.

Policy Review

Board Approved:

3/11/2025