



ARTIFICIAL INTELLIGENCE (AI) POLICY

POLICY NO: 244-P

- Applies To: All municipal staff using AI systems in connection with municipal duties. Any device used for official, municipal work using AI.
- Effective Date: 07/07/2026
- Associated References: None

Artificial Intelligence (AI), including Generative AI tools capable of producing text, images, or media, is rapidly evolving. While AI presents substantial opportunities to improve municipal operations, it also carries risks that must be carefully managed. This policy outlines best practices for AI use by the City of Traverse City to ensure responsible adoption, transparency, and the protection of public trust. This policy is intended to be read in conjunction with existing municipal policies.

Purpose:

This policy establishes guidelines for ethical, secure, and transparent use of AI systems within municipal operations. Its goals are to:

- Promote fairness, accountability, and transparency in public services.
- Ensure compliance with data privacy and security standards for internal and external stakeholders.
- Protect personally identifiable information (PII), HIPPA, CJIS and other sensitive data.
- Maintain human oversight in AI-assisted decision-making to ensure accuracy and avoid bias.

Definitions

- A. Artificial Intelligence (AI) – Technology that enables computers and digital services to learn, read, write, create, and analyze. For the purpose of this policy, the focus is on Generative Artificial Intelligence Services that learn the patterns and structure of inputted data to generate new data and responses. Popular services include, but are not limited to:
- ChatGPT
 - Microsoft Copilot
 - Google Gemini
 - xAI (Grok)
 - Claude
- B. Personal Identifiable Information (PII) - Any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means. Information permitting the physical or online contacting of

a specific individual is the same as personally identifiable information. This information can be maintained in either paper, electronic or other media.

- C. Health Insurance Portability and Accountability Act (HIPAA) – Enacted in 1996, this act focuses on creating confidential systems within healthcare facilities to keep protected health information private.
- D. Criminal Justice Information Services Security Policy (CJIS) – The Federal Bureau of Investigations (FBI) Criminal Justice Information Services (CJIS) enforces a security policy that provides guidelines and regulations to protect criminal justice information maintained and utilized by law enforcement and court systems.

Scope:

Core Principles

- I. Fairness and Non-Discrimination
 - AI must not perpetuate or amplify bias.
 - AI may not be used to solely make decisions involving legal or ethical consequences.
- II. Transparency
 - Users must not intentionally misrepresent AI-generated content as human-created or conceal AI involvement.
- III. Accountability
 - All AI usage must be subject to human oversight.
 - Anyone utilizing an AI system is accountable for the content generated from its usage.
 - Anyone utilizing an AI system is responsible for any decisions or outcomes based on content generated from its usage.
- IV. Privacy and Data Protection
 - Confidential information, PII and other protected data is prohibited for use with any AI service unless explicitly authorized and secured.
- V. Acceptable Use Guidelines
 - Examples of Approved Use Cases:
 - o Drafting meeting agendas or memos.
 - o Creating non-personalized job descriptions.
 - o Generating policy outlines or comparative research.
 - o Editing grammar or simplifying complex language.
 - o Structuring long documents into summary formats.
 - o Drafting educational, artistic or promotional content.

Examples of Prohibited Use Cases

- Final employment decisions (e.g., hiring, evaluation, disciplinary).
- Providing legal advice.
- Impersonation, misinformation, or creation of deepfakes.
- Compromising the security and functionality of municipal or other systems.

VI. Implementation Strategies

Software and Tool Approval

- Only approved AI tools may be used as determined by the Technology Department
 - The current approved tool is Gemini, which is included with the City's Google Workspace licenses
- The Technology Department may revoke approval for AI tools that no longer comply with this policy.

Acknowledgement

- For AI software not yet approved, users must attest that the AI software under consideration complies with this policy before submitting for approval.
- Prior to using AI tools, users must understand ethical AI use and the provisions of this AI policy.

Vendor Oversight

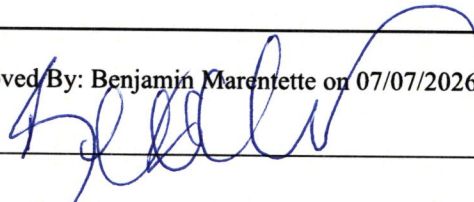
- All vendors deploying AI must meet the municipality's data protection, fairness, and transparency standards.

VII. Review, Monitoring, and Enforcement

- This policy shall be reviewed annually or as new risks and technologies emerge and be updated accordingly.
- Continuous evaluation of AI tool compliance with this policy is the responsibility of the department using the tool. Any concerns shall be raised to the Technology Department.
- Misuse of AI may result in disciplinary action.

VIII. Conclusion

AI can enhance the efficiency and quality of municipal services when implemented responsibly. This policy provides a unified approach, balancing innovation with ethical and legal safeguards, to guide the City of Traverse City toward safe and equitable AI adoption.

Approved By: Benjamin Marentette on 07/07/2026 Signature: 	HISTORY: Created: 06/01/2026
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