



ADMINISTRATIVE REGULATION (AR)

AR-00085 Generative Artificial Intelligence Usage

Effective: 7-21-2025

I. SCOPE:

This Administrative Regulation applies to all City of Loveland departments and City of Loveland employees including: Regular, Temporary, and Seasonal and non-employees such as, but not limited to, Council members, Board members and volunteers.

II. PURPOSE:

The Administrative Regulation ensures that all City of Loveland departments and employees are complying with all applicable laws and regulations and engaging with Generative Artificial Intelligence (AI) securely and appropriately.

The intent of this policy is to inform City employees of the requirements and obligations associated with using AI for City business purposes. The City and staff may utilize Generative AI for City business purposes according to the provisions in this policy.

“Generative AI”, such as Microsoft 365 Copilot Chat and ChatGPT, grew from a niche topic to a variety of publicly available tools with hundreds of millions of adopters in less than one year. Generative AI presents an incredible opportunity for people to increase their efficiency and efficacy in work. Generative AI has also been used irresponsibly, including faking news headlines, leaking personal information, and enabling phishing cyber-attacks.

The City will likely develop further policies and procedures related to AI as the technologies develop further. This document serves as an element of an evolving governance structure around responsible AI usage.

III. DEFINITIONS:

- User: City staff members, contactors, volunteers, or others using Generative AI while performing a role for the City.
- City: the city government of Loveland located in Colorado, United States of America
- Artificial Intelligence (AI): machines doing tasks that typically require human intelligence
- Machine Learning: a type of AI in which computers use data to “learn” tasks through algorithms
- Algorithm: a set of steps, such as mathematical operations (e.g., addition) or logical rules
- Substantial Portion (Both variations apply):
 - Quantitative: Refers to a specific percentage or proportion of a document’s total content. For the purposes of the AR, a document that is comprised of 25% or more of the content.
 - Qualitative: Refers to the importance or significance of the content rather than its sheer volume. Key ideas, central arguments, or critical passages are integral to the document’s overall message or purpose.

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IV. POLICY:

This document applies to all use of Generative AI by a City staff member, contract employee, volunteer, or other while performing a role for the City (collectively “users”). This document does not apply to uses of Generative AI for personal purposes or business purposes unassociated with the City.

The use of Generative AI does not refer to algorithms that a person directly defines. For example, a spreadsheet a human created to calculate taxes owed based on income is not “Generative AI”. Generative AI is a type of machine learning that uses AI models to learn patterns and relationships from human-created content and use them to generate new content, often in response to prompts from users. Generative AI content can be a combination of information publicly available in addition to user entered input.

Departments may provide additional rules on the usage of Generative AI for their staff. Staff should consult their manager if there are additional rules specific to their department.

Principles for Using Generative AI

Usage of Generative AI shall follow the City’s AI principles:

1. **Privacy-first:** Only provide information to Generative AI tools that is suitable for public disclosure. This includes any text, photos, videos, or voice recordings shared with the AI. Be mindful that the AI output may include unexpected personal information from another user and be sure to edit the content accordingly before using it. Information that should not be loaded would include personal names, dates, and data, account information, confidential communications, and similar. Use of Generative AI tools must be in compliance with City policies, including the Employee Ethics AR, which prohibits the sharing of information that is confidential, or otherwise not known to the public.
2. **Accurate:** The City maintains trust with its residents and partners by providing accurate information. Review and fact check all outputs received from a Generative AI. Users should consult trustworthy sources to confirm that the facts and details in the AI-generated content are accurate. Trustworthy sources may include official City/government documents and sites, peer-reviewed journals, and similar. Consult a supervisor for other industry-specific trustworthy sources (e.g., newspapers, datasets, professional associations, and similar). If a reliable source cannot be found to verify factual information generated by the Generative AI, that information cannot be used for work purposes.
3. **Transparent:** The City shall document and cite when it uses Generative AI in formal, published documents. This can often include citing use of AI in creating a

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product. See how and when to cite Generative AI in the “Citing Generative AI” section under “Guidance while Using Generative AI”.

4. **Equitable:** AI system responses are based on patterns and relationships learned from large datasets derived from existing human knowledge, which may contain errors and is historically biased across race, sex, gender identity, ability, and many other factors. City users of Generative AI need to be mindful that Generative AI may perpetuate bias and make assumptions based on past stereotypes that may need to be corrected.
5. **Human Owned:** The person using AI is accountable for the content it generates. Use Generative AI with discern and skepticism. The level of caution used should correspond to the risk level of the use case (see “Assessing Risk in Generative AI Use Cases”). It is always important to verify information provided by Generative AI.
6. **Beneficial:** Staff should be open to responsibly incorporating Generative AI into their work where it can make services better, more just, and more efficient. For example, using an AI tool can help staff go from an outline to a draft Council memo quickly, enabling staff to focus more time on the analyses and findings that inform recommendations to Council.
7. **Approved:** The use of a Generative AI must be approved by the director of the department where it is being used, as well as any other applicable organizational technology reviews and approval processes. The use of Generative AI must be approved by the Department Director if using Generative AI in relation to City processes that can alter an individual or community’s rights, freedoms, or access to services, before any document is finalized or action is taken.

Getting Started with Generative AI for City Use

City Use of Generative AI Likely Subject to the Colorado Open Records Act

Conversations with AI are generally saved in the user’s account. Therefore, conversations within an AI relating to City work may be open, public records. In addition, staff will need to comply with the Colorado Open Records Act (CORA) and other applicable public records laws for the usage of Generative AI. This means prompts, outputs, or other information used in relation to a Generative AI tool may be released publicly, unless exempted by CORA.

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Use of Copilot Chat for Enhanced Security and Efficiency

To ensure the highest available level of security and compliance for City data, all staff shall utilize Microsoft 365 Copilot Chat for their generative AI needs. Copilot Chat offers enhanced security features specifically designed for government use, reducing the exposure of City data for training of AI models, the risk of data breaches, and unauthorized access. Copilot Chat is available within Microsoft 365, not requiring a secondary login or license. Additionally, by consolidating our AI interactions within Copilot Chat, we minimize the reliance on redundant software solutions, thereby streamlining our workflows and improving overall efficiency. This approach not only safeguards our sensitive information but also fosters a more cohesive and manageable technological environment.

Alternative Generative AI Solutions

While Copilot Chat is our preferred tool for generative AI tasks due to its enhanced security features and integration within our government tenant, we recognize that there may be instances where its functionality does not fully address specific needs. In such cases, staff are permitted to use alternative generative AI solutions, provided that they adhere to our organization's security protocols and data protection standards. Prior to utilizing any external AI tools, employees must ensure that the solution is approved by the IT Department, seek approval from their department head, and ensure that the chosen solution is compliant with all relevant regulations and policies. This approach allows us to maintain flexibility and innovation while safeguarding our sensitive information.

Create an Account Specific for City Usage When Utilizing an Alternative AI Solution

Because use may be subject to public records requests, City staff shall have an account for all Generative AI usage in their role at the City using a City email address. This account must not be used for any personal reasons in order to avoid unintended exposure and release of personal information, as may occur during activities such as CORA processes.

Staff can use their City email address for City related accounts, or they can create a shared account using a different work email address. For example, the Finance Department might create a shared account using a Finance@cityofloveland.org address. Regardless of whether a shared or work email address is used to create an account, staff should use a unique password for the service. Like any other account which uses a City email address, the password should not be the same password used to log into any other City or personal accounts.

Data for Generative AI usage is typically stored on the cloud, so the device used to access the City-specific account may be relevant. If staff use personal devices or accounts to conduct City work, the records generated may still be public records subject to search and disclosure even if they are stored locally on the device or in a cloud

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account associated with the device/account.

Guidance while using Generative AI

Citing Generative AI

When to Cite:

Users must cite the Generative AI when both of the following are true:

- A substantial portion of the content used in the final version comes from the Generative AI. Any statements used as fact must cite a credible source rather than the AI. Credible sources include official City documents and peer-reviewed journals. Consult a supervisor for other trustworthy sources (e.g., newspapers, datasets, professional associations, and similar).
- The document wherein the Generative AI content is being included is a formal, published document where citations are included, or would normally be included.

Users must also provide a citation for any AI used to create images and videos, even if the images are substantially edited after generation.

How to Cite:

Generative AI can be cited as a footnote, endnote, header, or footer. Citations for text-generated content must include the following:

- Name of Generative AI system used (e.g., Copilot Chat, ChatGPT-4, Google Bard, Stable Diffusion)
- Confirmation that the information was fact-checked.

For example: "This document was drafted with support from Copilot Chat. The content was edited and fact-checked by City staff. Sources for facts and figures are provided as they appear."

Citations for images and video must be embedded into every frame of the image or video.

Assessing Risk in Generative AI Use Cases

The risk presented by Generative AI tools varies by use case, with the risk spectrum ranging from Low, to Moderate, to High risk.

Generative AI risk is determined by two key factors:

1. **Risk of information breach:** Consider the potential harm if the information exchanged with a Generative AI is released to an unintended audience. This can include entering

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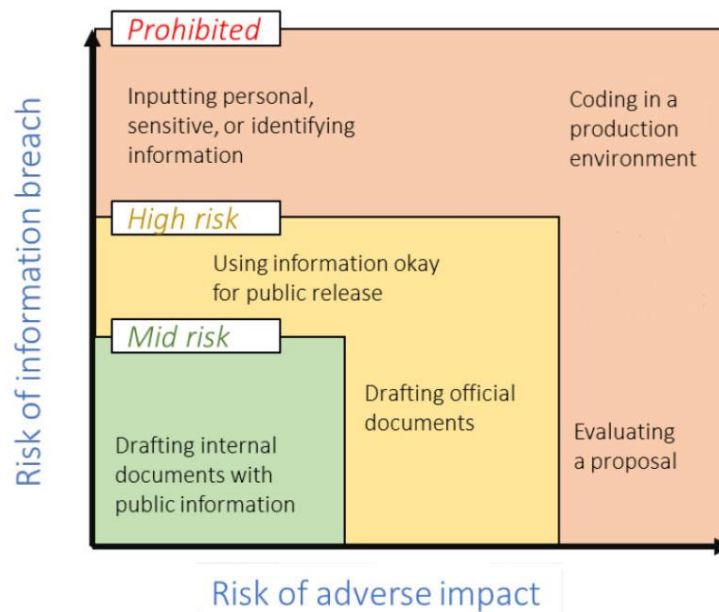
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personally identifiable information (PII), sensitive records, or confidential business information into Generative AI. Unless engagement with a Generative AI provides for secure, private account for the information entered, like Copilot Chat, conversations should be treated as if they were going to be released to the public.

2. **Risk of adverse impact:** The potential harm of using the output for a decision, task, or service. This impact can vary for different populations and should be considered from an equity lens, such as adverse impacts to people of a certain race, age, gender identity, or disability status. Not only can AI be biased, but it can also provide false information. In general, if Generative AI is used in relation to City processes that can alter an individual or community's rights, freedoms, or access to services, it should be thoroughly reviewed by multiple users before any document is finalized, or action is taken.

Summary risk matrix of Generative AI



Details for Understanding Generative AI Risk

Understanding "Risk of Information Breach"

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General rule: If the information exchanged with a Generative AI system would be harmful to the City, a person, or community if made public, it is a high or intolerable risk to use that information. Services like ChatGPT have been compromised in the past and leaked personal information. Use of Copilot Chat reduces the risk by keeping all data shared within the City's tenant and not using it for the training of the AI.

Low-risk information includes non-identifying and non-confidential information. For example, a simple email response or instructive documents often contain only general information that would not present any risk if made public.

Moderate-risk information includes personally identifiable information (PII - e.g., full name, birth date, email address) and confidential business information that may have larger implications to City processes or the residents of the community. Until the use is approved by the Data Privacy Team, no moderate-risk information shall be provided to a Generative AI system.

High risk information includes sensitive and identifying information. This includes data such as credit card numbers, bank account information, social security numbers, and other information that requires rigorous security measures and compliance standards before being processed. No high-risk information shall be provided to a Generative AI system.

Understanding "Risk of Adverse Impact"

General rule: If using Generative AI in relation to City processes that can alter an individual or community's rights, freedoms, or access to services, it is at least a moderate risk and should be thoroughly reviewed before any document is finalized or action is taken. Additionally, any action that could reasonably lead to the City engaging in legal infringements on intellectual property is prohibited.

Low-risk impact includes tasks associated with drafting internal messages, internal documentation, and idea generation. These tasks can be sped up with the support of Generative AI but require many more steps before reaching a public impact.

Moderate-risk impact includes tasks associated with official City documents or messaging. It also includes uses that require substantial editing and review before usage. These tasks require thorough review at the time of generation before using in any work context. Special care should be taken when a task may impact individuals differently across factors such as race, age, gender identity and disability (e.g., a memo about tree canopy inequity in neighborhoods).

High risk impact includes tasks that undermine trust in the City through false statements or news; deny people due process such as in resource allocation, job evaluations,

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and purchasing decisions; or expose the City to substantial security or legal risks. Generative AI does not have reasoning behind the content it produces and cannot justify a decision.

When Engaging in Moderate-risk Use Cases

Keep in mind the tone and specific language in the AI output. Generative AI is trained on a global context and may not use the vocabulary or tone consistent with the City and its values. Simple examples include replacing “citizen” with “resident” in documents, and capitalizing “City” when referring to the City of Loveland. These documents, like any others, require thorough review before moving from draft to final product.

Cite verifiable sources for all facts and figures (past memos, newspapers, research papers, etc.). ChatGPT or other Generative AI are not definitive sources. Facts should be accompanied by links or citations to sources that the general public could find, such as news articles or research papers. Copilot Chat and other AI can fabricate sources if asked, so do not rely on them for finding citations either. Find sources directly and confirm they are legitimate before making use of the content provided.

Generally, anything that would not be released or shared with the public should not be input into the AI. This includes information like draft RFP requirements that should not be public yet, vendor transactions, procurement approvals, or internal City decisions.

V. Summary:

Generative AI presents City staff an opportunity to work better, faster, and smarter. However, because the technology and the laws surrounding it are evolving and present unknown risks, its adoption comes with ethical considerations. Remember the fundamental rules when using any Generative AI:

1. Never submit personal or confidential information into a Generative AI that is not purposefully designed, built, and managed for the specific purpose of processing sensitive information securely.
2. Review, revise, test, and fact check any output from a Generative AI.
3. Be transparent when content is drafted using Generative AI.
4. Keep informed and aware of the potential risks of using AI, as guidance may change due to the quickly evolving development and nature of AI.

By keeping the above guidance in mind when using generative AI tools, we can ensure the safe and responsible use of AI by the employees of the City of Loveland. Questions, comments, or concerns with use of Generative AI, can be directed to a member of the City’s Data Privacy Team.

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VI. OTHER RELATED REGULATIONS & PROCEDURES:

- AR-00067
- AR-00012
- AR-00043

VII. CITY MANAGER SIGNATURE:

A handwritten signature in blue ink, appearing to read "Jim Thompson", written over a horizontal line.

Jim Thompson, City Manager

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