



**STAFF REPORT**  
**City of Dripping Springs**  
**PO Box 384**  
**511 Mercer Street**  
**Dripping Springs, TX 78620**

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**Submitted By:** Aniz Alani, City Attorney

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**Council Meeting Date:** December 2, 2025

**Agenda Item Wording:** Consideration and approval of the City of Dripping Springs Artificial Intelligence (AI) Policy establishing guidelines for the safe and responsible use of AI systems by City employees, contractors, and vendors in accordance with Texas state law.

**Agenda Item Sponsor:**

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**Summary/Background:** The City of Dripping Springs has developed a comprehensive Artificial Intelligence (AI) Policy to ensure the safe, responsible, and legally compliant use of AI technologies in municipal operations. This policy is based primarily on a model created by the GovAI Coalition and incorporates requirements from recent Texas state legislation, including H.B. 149, S.B. 1964, H.B. 3512, and H.B. 2818 enacted by the 89th Texas Legislature (2025).

**Need for Policy Implementation**

An internal survey of City staff revealed that many employees are already using AI tools in their work, with most indicating they would benefit from additional training and guidance. The implementation of this policy provides essential clarity around what AI use is permitted and prohibited, ensuring consistent and compliant practices across all City departments. Without clear guidelines, staff risk inadvertent policy violations or security breaches that could compromise City operations and data integrity.

**Policy Framework**

The policy establishes a two-tier governance system for AI use:

**Regular AI Systems** support non-critical tasks such as writing assistance, research, and administrative functions.

**Heightened-Scrutiny AI Systems** are those specifically intended to autonomously make, or be a controlling factor in making, consequential decisions that have material legal or significant effects on government service provision. These systems require additional oversight, approval processes, and compliance measures.

## **Governance Structure**

The policy establishes clear accountability through defined roles:

- **City Council & City Administrator:** Provide top-level oversight and final decision authority
- **IT Director:** Manages AI tools, conducts safety reviews, provides approvals, and coordinates training
- **City Attorney:** Reviews legal compliance and contract provisions
- **People & Communications Director:** Ensures proper public notices and complaint reporting mechanisms

## **Approved AI Platforms**

The policy pre-approves five AI platforms for prudent use:

1. **ChatGPT (OpenAI):** Writing, brainstorming, coding assistance
2. **Copilot (Microsoft):** Email management, meeting summaries, task automation
3. **Grok (XAI):** Social media content, trend analysis, coding help
4. **Gemini (Google):** Document synthesis, research automation, workflow integration
5. **Claude.ai (Anthropic):** Writing, research, large-context tasks

## **Prohibited Uses**

The policy explicitly prohibits several AI applications:

- Unapproved AI tools
- Social scoring systems that rank individuals and affect service access
- Fully automated consequential decisions without human review
- Use of personal or confidential City information in cloud-based AI systems outside City-secured networks

## **Training and Compliance Requirements**

**Annual AI training** is mandatory for employees who use computers for at least 25% of their job duties, as required by Texas Government Code § 2054.5191. This training requirement directly addresses the need identified in the staff survey for additional AI guidance and education.

**Public-facing AI systems** must include clear disclosure notices to users before or during first interaction, following DIR standards.

### **Legal Compliance**

The policy ensures compliance with:

- DIR Artificial Intelligence System Code of Ethics
- DIR Minimum Standards for Heightened-Scrutiny AI Systems
- NIST Artificial Intelligence Risk Management Framework (AI RMF 1.0)
- Texas Public Information Act requirements for AI-generated records

### **Enforcement**

Policy violations may result in disciplinary action up to and including termination for employees, and contract breach consequences for vendors.

### **Commission Recommendations:**

N/A

### **Recommended Council Actions:**

Approve the Artificial Intelligence (AI) Policy as presented.

### **Attachments:**

- Artificial Intelligence (AI) Policy
  - Appendix A: Permitted AI Platforms
  - Appendix B: Prohibited AI Platforms
  - Appendix C: AI Approval Request Form