



MEMORANDUM

To: Town of Grand Lake Board of Trustees

From: Steve Kudron, Town Manager

Date: May 11, 2026

Re: Adoption of the Town of Grand Lake Artificial Intelligence (AI) Use Policy

Trustees:

Generative artificial intelligence (“AI”) tools — including Anthropic’s Claude, OpenAI’s ChatGPT, Microsoft Copilot, Google Gemini, and similar services — are now widely available and are increasingly being used by local governments to draft communications, summarize documents, analyze data, and improve service to residents. Approximately five (5) Town employees currently use ai tools in the course of their duties, and the Town anticipates that AI features embedded in everyday software (such as Microsoft 365, Adobe products, and meeting platforms) will become increasingly difficult to avoid.

While these tools offer real productivity benefits, they also introduce new risks related to accuracy, confidentiality, public records, cybersecurity, and public trust. AI tools have been documented to fabricate facts and legal citations, and information entered into a consumer AI tool may be transmitted to a third-party vendor and, depending on the vendor’s terms, used to train future models. Without a clear policy, the Town has no consistent standard for what staff may and may not do with these tools.

Staff (with the use of ai tools) has prepared a proposed Artificial Intelligence (AI) Use Policy that establishes Town-wide rules for the responsible use of generative AI by employees, elected officials, contractors, interns, and volunteers. The policy is modeled on emerging best practices for Colorado municipalities and is structured to be a practical, enforceable document rather than an aspirational statement.

Key elements of the proposed policy include:

- Designating Anthropic Claude as the only currently approved AI tool, with all other tools (ChatGPT, Copilot, Gemini, etc.) requiring written approval by the Town Manager before use on Town business;
- Prohibiting entry of confidential information, PII, executive-session materials, attorney-client communications, and other protected records into any AI tool;
- Requiring human review and verification of AI-generated content, with the employee remaining the author of record and accountable for accuracy;



- Treating AI prompts and outputs created in the course of Town business as potential public records subject to CORA and the Town’s retention schedule;
- Imposing heightened restrictions on law-enforcement and Municipal Court use, including prohibitions on facial recognition, evidence evaluation, and submission of AI-drafted court filings without attorney review;
- Establishing a procurement and vendor-approval process for any new AI tool, including free consumer tools, before they are used on Town business; and
- Requiring disclosure when AI generates a substantial portion of public-facing materials, when AI-generated images or audio are used, or when a resident asks in good faith.

The policy designates the Town Manager as Policy Owner, in consultation with the Town Clerk and IT, and requires an annual review (or sooner as AI tools and laws evolve). All covered personnel will be required to sign an acknowledgment of receipt and understanding, which will be retained in the employee’s personnel file.

Adoption of this policy does not require any new appropriation. Existing ai usage is already absorbed within current operations, and any future paid AI subscription, integration, or vendor would be evaluated under current procurement provisions. The principal cost is staff time for initial training and ongoing oversight, both of which fall within existing operations.

Staff Recommendation

Staff recommends that the Board of Trustees adopt the Town of Grand Lake Artificial Intelligence (AI) Use Policy. The proposed policy provides clear, practical guardrails for staff who are already using these tools, protects the Town’s residents, employees, and confidential information, and brings the Town into alignment with emerging public-sector standards for responsible AI use. Because the policy contemplates annual review, the Board will have a regular opportunity to update it as AI tools and the legal landscape continue to evolve.

Recommended motion:

“I move to adopt the Town of Grand Lake Artificial Intelligence (AI) Use Policy as presented, effective upon a date set by the Town Manager, and to authorize the Town Manager to maintain the list of Approved AI Tools and to make non-substantive administrative updates to the Policy as needed.”