



June 4, 2026

**TO:** LOCSD Board of Directors  
**FROM:** Greg Kwolek, General Manager  
**SUBJECT:** **Agenda Item 8I – 06/04/2026 Board Meeting**  
Adopt Updated Personnel Policy

### **DESCRIPTION**

Staff, with direction for the Districts insurance company, SDRMA, is recommending adoption of a Policy for Use of Generative AI Tools to establish guidelines for the responsible, secure, and ethical use of generative artificial intelligence (“AI”) technologies within District operations.

### **STAFF RECOMMENDATION**

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

***Motion: I move that the Board adopt Resolution 2026-14 Establishing the District’s Policy for Use of Generative AI Tools.***

### **DISCUSSION**

Staff is recommending adoption of a Policy for Use of Generative AI Tools to establish guidelines for the responsible, secure, and ethical use of generative artificial intelligence (“AI”) technologies within District operations. The proposed policy provides a framework for the use of AI tools by District employees, contractors, consultants, and officials while ensuring compliance with applicable laws, cybersecurity standards, confidentiality requirements, records retention obligations, and public transparency requirements.

Generative AI technologies are becoming increasingly common in both public and private sector operations and may provide opportunities to improve efficiency, productivity, communication, research, document drafting, and administrative workflows. However, these technologies also present potential risks, including the generation of inaccurate or misleading information, unauthorized disclosure of confidential data, cybersecurity vulnerabilities, copyright concerns, and legal or reputational liabilities.

The proposed policy establishes standards for acceptable use of generative AI tools and emphasizes that AI-generated content must be reviewed and approved by District personnel prior to use in official District business.

The proposed policy is intended to provide clear expectations and safeguards regarding the use of generative AI technologies. Key components of the policy include:

- Requiring human review and oversight of all AI-generated content prior to use or distribution;
- Prohibiting the entry of confidential, sensitive, legally protected, or non-public information into public AI platforms unless specifically authorized and protected;

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**Vice President**  
Charles L. Cesena

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- Requiring compliance with applicable public records laws, records retention requirements, cybersecurity policies, intellectual property laws, and ethical standards;
- Clarifying that generative AI tools are intended to assist staff and are not a substitute for professional judgment or decision-making;
- Establishing accountability for employees and users of AI technologies within District operations; and
- Authorizing the General Manager or designee to implement administrative procedures, operational guidelines, and training as needed.

The policy is intended to remain flexible as technology evolves. The proposed resolution authorizes the General Manager to make non-substantive administrative updates to address operational or technological changes while requiring substantive policy revisions to return to the Board for consideration and approval.

District staff also provided the proposed policy to SLOCEA representatives for review to ensure there was agreement regarding impacts to District represented employees. SLOCEA staff reviewed and approved the policy on May 11, 2026.

The adoption of this policy will help ensure that any use of generative AI technologies by the District is conducted in a responsible, transparent, and secure manner consistent with the District's operational needs and legal obligations.

#### **FISCAL IMPACT**

There is no significant direct fiscal impact associated with adoption of the proposed policy. Existing staff resources will be utilized for implementation and administration. Future training, software licensing, or cybersecurity-related costs associated with AI technologies would be evaluated and brought forward through the normal budget process as necessary.

Attachment – Resolution 2026-14  
Exhibit A – AI Usage Policy

**RESOLUTION NO. 2026-14**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT  
ESTABLISHING A POLICY FOR USE OF GENERATIVE AI TOOLS**

**WHEREAS**, the Board of Directors of the Los Osos Community Services District (“District”) recognizes that generative artificial intelligence (“AI”) technologies are increasingly being utilized in government and business operations to improve efficiency, productivity, customer service, communication, and administrative functions; and

**WHEREAS**, the District desires to encourage the responsible, ethical, and secure use of generative AI tools while ensuring compliance with applicable laws, regulations, records retention requirements, confidentiality obligations, cybersecurity standards, and public transparency requirements; and

**WHEREAS**, the District acknowledges that generative AI tools may produce inaccurate, incomplete, biased, or misleading information and therefore require appropriate human oversight and review prior to use in official District business; and

**WHEREAS**, the Board finds it to be in the best interests of the District to establish standards and expectations governing the acceptable use of generative AI technologies by District employees, contractors, consultants, and officials.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Los Osos Community Services District as follows:

**Section 1. Adoption of Policy**

The Board of Directors hereby adopts the District’s “Policy For Use Of Generative AI Tools,” attached hereto as Exhibit “A” and incorporated herein by this reference.

**Section 2. Purpose of Policy**

The purpose of the Policy is to:

1. Establish guidelines for the responsible and secure use of generative AI tools;
2. Protect confidential, sensitive, and legally protected information;
3. Ensure human oversight and accountability for AI-generated content;
4. Promote compliance with applicable federal, state, and local laws;
5. Reduce operational, cybersecurity, legal, and reputational risks associated with AI technologies.

**Section 3. Authorization**

The General Manager, or designee, is authorized to implement and administer the Policy and may develop administrative procedures, training requirements, and operational guidelines necessary to carry out the intent of this Resolution and the Policy.

**Section 4. Policy Updates**

The General Manager may make non-substantive administrative updates to the Policy as necessary to address technological changes, cybersecurity concerns, or operational needs, provided that any substantive policy revisions shall be returned to the Board for approval.

**Section 5. Severability**

If any section, subsection, sentence, clause, or phrase of this Resolution or the attached Policy is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of the Resolution or Policy.

**Section 6. Effective Date**

This Resolution shall take effect immediately upon adoption.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the Los Osos Community Services District that the attached Policy For Use of Generative AI Tools is hereby adopted by the Los Osos Community Services District Board of Directors.

On the motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, and on the following roll call vote, to wit:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Conflicts: \_\_\_\_\_

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 4<sup>th</sup> day of June 2026.

\_\_\_\_\_  
Matthew Fourcroy  
President, Board of Directors  
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Gregory Kwolek  
General Manager and Secretary to the Board

\_\_\_\_\_  
Craig Steele  
District Legal Counsel

## LOS OSOS COMMUNITY SERVICES DISTRICT POLICY FOR USE OF GENERATIVE AI TOOLS

### Purpose

Publicly available applications driven by generative artificial intelligence (“GenAI”), such as chatbots (e.g. ChatGPT, Google’s Bard, Microsoft Bing) or image generators (e.g. DALL-E 2, Midjourney) are widely available and generally helpful. But, while these content-generating tools may offer attractive opportunities to streamline work functions and increase our efficiency, they come with serious security, accuracy, and intellectual property risks. This policy highlights the unique issues raised by GenAI, helps Los Osos Community Services District (District) employees and officers understand the guidelines for its acceptable use, and protects District’s confidential or sensitive information, trade secrets, intellectual property, workplace culture, commitment to diversity, community perception, and community trust. Failure to abide by this policy can seriously jeopardize [District], its members, and community and therefore, may be grounds for employee discipline.

### Scope

This policy applies to all District employees regarding the use of any third-party or publicly available GenAI tools, including, but not limited to, ChatGPT, Google Bard, DALL-E, Midjourney, and other similar applications that mimic human intelligence to generate answers, work product, or perform certain tasks.

### Guidelines

DO:

- Understand that GenAI tools may be useful but are not a substitute for human judgment and creativity.
- Understand that many GenAI tools are prone to “hallucinations,” false answers or information, or information that is stale, and therefore responses must always be carefully verified by a human.
- Treat every bit of information you provide to an GenAI tool as if it will go viral on the Internet, attributed to you and District, regardless of the settings you have selected within the tool (or the assurances made by its creators).
- Inform your supervisor when you have used a GenAI tool to help perform a task.
- Verify that any response from an GenAI tool that you intend to rely on or use is accurate, appropriate, not biased, not a violation of any other individual or entity’s intellectual property or privacy, and consistent with District policies and applicable laws.
- If using a GenAI notetaker application, the District employee is responsible for personally reviewing the notes to ensure accuracy.
- When using a GenAI notetaker application, the District employee will be responsible for clearly obtaining consent of all participating parties at the beginning of the meeting or conversation where GenAI is taking notes.

- Be hyper aware that malicious chatbots can be designed to steal or convince you to divulge information.

**DO NOT:**

- Do not use GenAI tools to make or help you make employment decisions about applicants or employees, including recruitment, hiring, retention, promotions, transfers, performance monitoring, discipline, demotion, or terminations.
- Do not upload or input any confidential, proprietary, or sensitive District or District member information or personal information into any GenAI tool. Examples include passwords and other credentials, protected health information, personnel material, information from documents marked “Confidential,” “Sensitive,” or “Proprietary,” or any other nonpublic District information that might be of use to competitors or ill-wishers or harmful to District if disclosed. This may breach your or District’s obligations to keep certain information confidential and secure, risks widespread disclosure, and may cause District’s rights to that information to be challenged.
- Do not upload or input any personal information (names, addresses, likenesses, etc.) about any person or entity into any GenAI tool.
- Do not represent work generated by a GenAI tool as being your own original work. Inform your manager or supervisor when you have used a GenAI tool to help perform a task.
- Do not use a GenAI notetaker application for privileged or confidential conversations.
- Do not integrate any GenAI tool with internal District software without first receiving specific written permission from your supervisor and District’s IT Department.

**Generally Acceptable and Unacceptable Uses**

Use of GenAI in any instance must be expressly disclosed to your manager or supervisor.

Generally acceptable uses of GenAI include the following. If you are unsure, or the situation is unique, contentious, or confidential, please consult with your manager or other supervisor *prior* to using GenAI. Use in these instances must still be disclosed to your manager or supervisor.

- For general-knowledge questions meant to enhance your understanding on a work-related topic.
- To brainstorm ideas related to pending projects.
- To create formulas for spreadsheets.
- To prepare an initial draft of an email or letter.
- To summarize online research or to create outlines for pending projects.

- To take notes during a meeting, which you later will review and confirm comport with your memory of meeting deliberations.

*Absolutely unacceptable* uses include:

- Using any text created by an GenAI as the exclusive final work product of any kind.
- Copying and pasting, typing, or in any way submitting District or District member information or personnel data into the GenAI.
- Failing to properly cite an GenAI when used as a resource.

**Violations**

Violating this policy may result in disciplinary action, up to and including termination, and could result in legal action. If you are concerned that someone has violated this policy, report this behavior to your supervisor or any member of Human Resources.

**Disclaimer**

Nothing in this policy is designed or intended to interfere with, restrain, or prevent employee communications regarding wages, hours, or other terms and conditions of employment or any other rights protected by the National Labor Relations Act.

If you have any questions regarding this policy, please contact the General Manager.

Employee Name: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Last updated: April 23, 2026