MEMORANDUM

To:	Mayor and City Council
Through:	Ed Van Eenoo, Chief Financial Officer
From:	Kerrica Laake, Chief Information Officer, Austin Technology Services
Date:	December 23, 2025
Subject:	**Staff Response to Artificial Intelligence Resolution 20250424-055**

The purpose of this memorandum is to provide a response to Resolution 20250424-055, which directed the City Manager to establish artificial intelligence guidelines, policies and oversight, workforce considerations, environmental impacts, digital equity, and public engagement.

Cross-departmental committees, including Austin Energy, Austin Water, Austin Communications & Engagement, Austin Technology Services, the Emerging Technology Board, the Technology Commission, Austin Budget & Organizational Excellence, Austin Climate Action & Resilience, Austin Public Library, Austin Economic Development, Austin Human Resources, and the Austin City Attorney's Office collaborated on the direction put forth by the City Council. The full report is attached.

Should you have any questions or concerns, please contact Kerrica Laake, Chief Information Officer, Austin Technology Services at kerrica.laake@austintexas.gov or 512-978-1535.

cc: T.C. Broadnax, City Manager
Erika Brady, City Clerk
Corrie Stokes, City Auditor
Mary Jane Grubb, Municipal Court Clerk
Judge Sherry Statman, Municipal Court
CMO Executive Team
Department Directors

The City Manager is directed to provide current and projected environmental impact and resource usage of local data centers over the next ten years and identify gaps in local resources and infrastructure necessary to serve customer demand as data centers potentially grow in the region.

The report shall include the impact to utility rates and strains on resources and recommendations on ways to increase clean energy usage and water efficiency, address risks to the power grid, and minimize waste.

Austin Energy

Austin Energy has an obligation to serve customers in our service area and allow generators, loads and other utilities to connect to our transmission lines. The obligation to serve is mandated by the Public Utility Commission of Texas (PUCT). However, how these interconnecting entities are served, and on what timeframe, is largely dependent on the outcome of technical engineering studies required by the Electric Reliability Council of Texas (ERCOT) and/or Austin Energy to determine.

Data centers traditionally requested up to 30 megawatts (MW) which is roughly equivalent to the amount of electricity needed to serve 6,000 homes. With the advancement of AI, data centers today routinely request 300 MW or more, with some seeking 5000 – 11,000 MW or 5 – 11 gigawatts (GW). For perspective, Austin Energy peak load today is just over 3 GW, and we serve approximately 570,000 customers. ERCOT's peak demand is currently 85.5 GW, and they are projecting another 70.5 GW of new load by 2028 primarily due to data centers. The full amount forecasted may not materialize, but the sheer magnitude and speed of the new requests represent significant challenges.

Utilities in Central Texas have been able to keep up with traditional high growth for decades, however AI is challenging the definition of high growth. There is currently an AI race ongoing where speed to deployment is everything with little regard to cost. An AI data center could be built in as little as 18 months for the same amount of load as a high density mixed used development covering thousands of acres that may take 20-25 years to fully build out. The speed in which AI is trying to be deployed creates tremendous strain on the already tight resources in both design and construction.

ERCOT is currently projecting that systemwide load could double by 2028 and to support this new load, significant upgrades are required in both transmission and generation throughout the grid. Transmission takes on average 5-8 years to build and generation 3-5 years to build. Since 2020, the electric utility supply chain lead times have increased substantially and remain double what they have been historically. Equipment price increases and lead times are still triple their historical averages, proving difficult to make updates and upgrades in less than 5 years.

ERCOT determines when lines can be taken out of service for upgrades. For the past few years, ERCOT has mandated a moratorium on transmission outages from May to September each year and sometimes portions of the winter. This moratorium pushes the majority of upgrades to times of the year where

weather can delay construction. The additional, 'first come first served' method ERCOT uses of allowing outages in a geographic area to update and upgrade transmission lines can also prolong needed work.

Additional resource gaps impacting Austin Energy include the ability to recruit and retain top talent given the proximity to competing peers in the Central Texas area (LCRA, Pedernales Electric, Blue Bonnet, and so forth). The tech sector, with the increased number of companies entering the power space to fuel AI, is adding a new layer to the workforce recruitment challenge as well.

Ninety-nine percent of the time there is plenty of power on the grid to serve customers. However, when temperatures reach 100+ degrees or stay below freezing for extended periods of time or when a critical piece of equipment is out of service for a planned or unplanned reason, transmission and distribution lines can become overloaded risking failure. The energy customers are then obligated to cover the cost of the redispatch and controlled outages known as rolling brown outs.

Thermal generation retirement is another factor impacting data center ability to come online. The desire to replace traditional power sources with renewables reduces the inertia in the system needed to ride through system disturbances. While renewables provide a clean, inexpensive power, when the sun is not shining, or the wind is not blowing we become reliant on batteries and thermal generation to keep the lights on.

Stranded assets are another risk energy customers face when it comes to large loads. Stranded assets occur when requests for infrastructure upgrades/builds are made to support a development or project that is then canceled leaving Austin Energy customers to pay for the stranded assets. If a planned data center requests to interconnect a load of 300 MW requiring construction of a substation and multiple transmission lines, and mid infrastructure build, the data center project is canceled, Austin Energy customers will be left with a large amount of equipment that may not be eligible for Transmission Cost of Service reimbursement, per PUCT rules.

The recently passed Senate Bill 6 (SB 6) enacted in June 2025, overhauls how the state regulates large electricity consumers (such as data centers and cryptocurrency mines) to improve grid reliability and ensure they cover their infrastructure costs. The bill considers customers larger than 75 megawatts (MW) "Large Loads" and are subject to a full interconnection study, a process that can take up to six months. Full interconnection studies are also required for generation that is co-located with 25 MW or more of load. All system upgrades identified by a full interconnection study must be completed before the entire load can be brought online. ERCOT does not require a full interconnection study for loads smaller than 75 MW; instead, Austin Energy requires a simpler screening study. ERCOT leaves it up to each utility to determine what is required to bring loads smaller than 75 MW online. Key provisions of the bill include:

- **Cost Sharing:** Large loads (generally 75 MW or more) must contribute to the costs of connecting to the grid, including an initial study fee and demonstrating financial commitment for necessary transmission infrastructure.
- **Grid Reliability Measures:** ERCOT is given authority to manage these high-usage customers during energy emergencies. New large loads interconnected after December 31, 2025, must install remote curtailment equipment, with exceptions for critical facilities.
- **Transparency and Planning:** Large customers must disclose other interconnection requests and provide information about on-site backup generators to aid grid planning.
- **Demand Management Programs:** ERCOT will create a voluntary demand response service for large customers to reduce energy use during anticipated grid stress.

- **Transmission Cost Evaluation:** The PUCT will evaluate the methodology for allocating wholesale transmission costs to ensure fairness among customer classes.

These measures seek to balance business growth with maintaining a reliable electric grid, a priority after the 2021 Winter Storm Uri.

Impact to Utility Rates

Data Centers and other large load impacts to Austin Energy's rates will depend on multiple factors like the size of the load requested, Austin Energy's interconnection cost recovery policies, Austin Energy's Contributions in Aid of Construction (CIAC) policy, financial security requirements, and the stability of energy consumption patterns of large loads. Rate impacts can include:

Base rates:

1. Base rates may see upward pressure due to rapid infrastructure expansion, inflation, and maintenance costs.
2. Base rates may also see upward pressure from large loads due to the need to construct offsetting generation resources. Rate impacts would depend on the type of additional generation, the form of financing, and market conditions over time.
3. Austin Energy may be exposed to stranded costs related to the build out of facilities to energize a large data center, if the data center vacates the system.

Power Supply Adjustment (PSA) rate:

1. The PSA may be affected by new load due to increased transmission congestion and associated power supply market costs if there is not sufficient transmission or local generation buildout.
2. With a large and steady power consumption, local data centers could consume renewable power at off-peak hours, which could increase Austin Energy's ability to meet incremental load with renewable sources cost effectively.
3. Power supply rates may also see upward pressure from large loads due to the need to acquire generation resources. Rate impacts would depend on the type of additional generation and market conditions. Additional power purchase agreements could face counterparty risk exposing Austin Energy to current market conditions.
4. Additional generation in the form of power purchase agreements could impact key performance metrics and potentially Austin Energy's credit ratings due to rating agency treatment of power purchase costs and Austin Energy's recovery of those costs.

Transmission rates:

1. Austin Energy incurs transmission costs paid to other Transmission Service Providers (TSPs) which are recovered through Austin Energy's Regulatory charge. These costs are likely to see pressure due to increased TSP rates associated with the need for state-wide buildout of infrastructure as both Austin Energy and other TSPs build new or upgraded transmission facilities. As a Load Serving Entity, Austin Energy's increased load may also impact our share of transmission costs.
2. As a TSP, Austin Energy may need to build new or upgrade its transmission facilities to meet large load requirements. These costs would ultimately be recovered through Austin Energy's wholesale transmission service rates.
3. In the ERCOT market, load zone price separation is where electricity prices differ between various geographic areas within the ERCOT region due to localized supply and demand conditions. These differences in price are known as Locational Marginal Prices (LMPs) and reflect the cost of

serving electricity at specific locations considering factors such as transmission congestion and local resource availability. As more and more large loads come online in central Texas, we could see greater and greater load zone price separation until more transmission, batteries, and local generation can be installed.

Increasing Clean Energy Usage and Minimizing Environmental Impact

Consistent with the Resource, Generation and Climate Protection Plan to 2035, Austin Energy will work with large loads to incorporate the following:

1. Prioritize energy efficiency
2. Incentivize demand response
3. Incentivize innovative local solar solutions
4. Promote customer-sited batteries and peaking generation
5. Improve the customer interconnection experience
6. Increase transmission import capacity

Reducing Risk and Minimize Waste

1. New loads will not be allowed to be brought online until required upgrades are made to protect existing Austin Energy customers
2. Require loads over 75MW to take transmission level service to minimize the risk of stranded assets
3. Loads under 75MW will be served from standard 40MVA transformers (or smaller if existing) to minimize the risk of stranded assets
4. Install more local batteries and peaking generation in Austin
5. Encourage curtailable loads for large loads
6. Require a letter of credit for projects requiring new substation and transmission infrastructure to minimize risk of stranded assets
7. Partner with data centers to install batteries to store more renewable energy and install peaking generation for when the batteries become depleted
8. Leverage SB6 and upcoming PUCT requirements to gauge seriousness of inquiries to understand which loads are real versus speculative.
9. Increase engineering resources and external contractors to further accelerate build out of transmission infrastructure

While large loads such as data centers pose significant challenges to the grid, when interconnected in the right way, they have an opportunity to be part of Austin's clean energy future. For example, taking an interruptible service for when the grid is stressed and/or having onsite solar, batteries, and peaking generation all provide opportunities to strengthen our grid. Additionally, we can minimize the risk to our existing customers by not connecting new large loads until needed upgrades have been made, requiring them to take transmission-level service, and by requiring letters of credit or other financial instruments to minimize the risk of stranded assets.

<u>Austin Water</u>

Based on preliminary estimates, Austin Water currently provides water and wastewater service to ten commercial customers that might be described as data centers. The water demands for data center customers can vary depending on the time of year, scale of the data center, and method of cooling. (See table below.) Some have similar water demands to those of a typical office building; however, larger-scale data centers can have substantial water demands, particularly if they are utilizing a cooling technology with evaporative cooling towers. For context, the aggregated water use

for identified potential data center customers, shown below, was 0.15 percent of the utility's total water use in 2023 and 0.28 percent in 2024.

Identified data center customer water use	2023	2024
Total annual water use (gallons)	70,223,200	130,993,800
Highest total monthly water use total (gallons)	10,076,000	14,568,000
Lowest monthly water use total (gallons	2,960,400	7,744,800

The impact to Austin's water supply and existing infrastructure would vary depending on scale and location of the proposed data center. For immediate infrastructure needs, the developer would be required to construct local system improvements; however, the cumulative impact of data centers could require more substantial water improvements in time depending on the proliferation, scale and location of future data centers.

When a new development or industrial user is proposed, the first step in the development process is to assess the utility's availability and capacity in the vicinity of the proposed development. The utility service determination is managed through the City's land development processes and specifically through a Service Extension Request application submitted to Austin Water.

The results of the request would establish the utility requirements needed to serve the project. This could include the extension of new infrastructure (mains and/or facilities) and/or upgrade to existing infrastructure (mains and/or facilities) by the developer. The developer would be responsible for the design and construction of the infrastructure minimally needed to meet their demand.

Impact to Water Utility Rates

Assessing water service rates based on the cost of providing services is a comprehensive and systematic process which ensures the rates reflect the expenses incurred in delivering water services, costs related to infrastructure maintenance, operational efficiency, and resource management. Austin Water's goal is to establish equitable and sustainable rates that address community needs while ensuring the long-term viability of water resources. As part of the process for proposed data center development, Austin Water will continue to evaluate the projected impacts on utility and evaluate how their specific needs for water, reclaimed water, and wastewater connections might impact overall rates.

As part of Water Forward, Austin's long-term integrated water resources plan, the utility assesses Austin's water resource needs and develops plans for meeting those needs in a framework that includes water use efficiency and sustainability which includes water conservation and reuse strategies that provide potential water resource options to address potential impacts of data centers.

Increasing Clean Energy Usage and Water Efficiency

Water service to data centers can be influenced by a number of factors. These include additional water needs (e.g., sanitary water needs at the facility, fire suppression and related support functions) as well as essential water uses directly related to data center operations. Water demand at data centers are impacted by three requirements for operation:

- On-site water for data center cooling
- Off-site water for electricity generation
- Supply-chain water for microchip/server manufacturing

All data center cooling requires some amount of water, with some cooling technologies using more water than others. Chilled water systems with evaporative cooling towers require the highest water usage compared to low-water usage technologies such as air-cooled chillers and closed loop liquid cooling systems, or medium-water usage technologies such as direct evaporative cooling systems (which are generally ineffective in hot and humid climates).

The City of Austin currently has water conservation code requirements for facilities utilizing cooling towers, focusing on water-efficiency components, cycles of concentration, and a minimum amount of non-potable makeup water. New data centers within proximity to a reclaimed water line (within 250 feet for small projects or within 500 feet for large projects), will be required by current City Code to use reclaimed water for all cooling applications. These projects are not permitted to use drinking water exclusively to meet cooling demands. New data centers that are not within proximity to a reclaimed water line are required to use an onsite alternative water source to meet a percentage of their makeup water needed to replace water evaporated in cooling towers. These projects can typically offset 10-25 percent of their makeup water with onsite alternative sources, however, 50 percent or more offset is achievable if stormwater or wastewater is collected for reuse. Currently, examples of both types of systems (onsite stormwater and blackwater reuse for cooling tower makeup water in new commercial development) are being permitted or constructed in the City of Austin.

Different power plants use different amounts of water for each kWh generation, depending on the cooling techniques. Single-pass cooling systems, like the one used in the Fayette Power Project use the highest amount of water for each kWh of generation. Power plants that recirculate water for evaporative cooling such as the Sandhill Energy Center and the Downtown District Cooling System use much less water for each kWh of generation. Similar to the potential for data centers to use more recycled water sources for evaporative cooling, electricity generation facilities are able to offset 50-100% of the water required to makeup evaporative losses with recycled water sources.

Using recycled water for all aspects of water use in data centers is recommended to reduce reliance on the City's limited drinking water supplies. There are current City codes that regulate water use and reuse in cooling systems, but there is potential to increase the amount of recycled water, particularly in these large-scale facilities, that is used for evaporative cooling. Additional research and outreach would be needed to develop policies for recycled water use in data centers and related power generation and microchip manufacturing facilities.

The City Manager is directed to identify, promote, and partner with digital skills training services and resources as recommended in the 2014 Digital Inclusion Strategic Plan and the 2023 Broadband and Digital Equity Needs Assessment to further bridge Austin's digital divide. Services and resources should include, but are not limited to:

- **Free public access internet and low-cost internet options;**
- **How to protect personal data and maintain privacy;**
- **How to maintain healthy digital devices; and**
- **Ethical AI literacy and up-skilling training opportunities.**

Free Public Access Internet and Low-Cost Internet Options:

Currently, the City provides free public access to the internet through free Wi-Fi at Austin Public Library (APL) Branches, 5G hotspots for checkout to library cardholders, and via use of onsite computers. All Library branches provide free computer access in addition to digital literacy skills training, free access to cost-prohibitive creative software and hardware, and beginner-friendly classes on how to use them. APL's Central Library hosts 140 public access workstations, including advanced equipment in its Innovation Lounge and Lab. Additionally, APL offers Chromebooks for checkout to library card holders and in-building use of laptops, MacBooks, and early literacy tablets.

In addition to the free computer and internet access at all Library branches, Austin Economic Development (AED) manages 10 public computer labs across the City and continues to identify new partners for lab expansion. AED's Community PC Program refurbishes retired City devices and distributes them to nonprofits. To date, 5,157 devices have been distributed with 3,554 devices in inventory, including 2,412 desktop computers, 837 laptops, and 305 other devices.

AED provides annual community Fix-It events for devices in partnership with Austin Resource Recovery and aims to expand the clinics and develop educational materials on device maintenance.

Ethical AI Literacy and Technology Upskilling and Educational resources

Austin Free-Net

AED, through its contract with Austin Free-Net, offers a variety of technology training and workshops. Austin Free-Net's Digital Literacy Training program provides digital literacy workshops, classes, and 1:1 support free of cost to all Austin residents. The Austin Free-Net Digital Literacy Training program aims to serve 2000 participants annually. Relevant training Includes:

- Email 101
- Guide to Passwords
- How to Reset Passwords
- Intro to Digital Finances
- Intro to Telehealth
- Online Spams & Scams
- Shopping Online Safely
- Basic Digital Skills Training on topics such as Device Fundamentals, Connecting to Social Media, and Google and Microsoft Basics
- Understanding AI: Intro to Artificial Intelligence

Goodwill Industries of Central Texas

Goodwill's Ready to Work+ program, with its aim to serve 220 participants annually, provides support

for individuals with barriers to career advancement including those with criminal backgrounds, lack of education, housing insecurity, disabilities, and other barriers. This program provides relevant training such as:

- Computer Basics
- Microsoft Word
- Google Workspace
- Online Safety
- Internet Navigation Basics
- AI Basics
- Online Job Application Skills
- Career Exploration Using Online Platforms
- Certifications in
    - AI Essentials. The program is currently rolling a course that teaches foundational understanding of what Large Language Models (LLMs) are and tools for navigating and using various types of AI platforms

Literacy Coalition

Literacy Coalition's Literacy Partners Workforce Collaboration program provides Critical adult education and workforce preparation services for students across Austin and the Travis County community, serving 824 participants annually. Training includes Career Readiness Workshops which include digital literacy skills relevant for job seekers.

Capital Idea

Capital Idea's IT program provides opportunities to earn an associate degree or certification in the field of information technology to 107 individuals annually. Training includes the Capital IDEA career and occupational training for the Information Technology sector, namely pathways toward Computer and User Support Specialist, Web Developer, and Network Administrator.

Austin Urban Technology Movement (AUTMHQ)

AUTMHQ's Awareness-to-Employment Pipeline program is a comprehensive workforce development model that includes digital readiness assessments, 25+ technical trainings, mentorship, job placement, and holistic support like device access, connectivity, and transportation to remove common barriers. The AUTMHQ Awareness-to-Employment Pipeline program aims to serve at least 14 participants annually. Relevant training Includes:

- Digital Literacy Essentials: Foundational training in internet navigation, productivity tools (Google Workspace, Microsoft Office), file storage, online communication, and responsible internet use. This supports basic digital access and public internet navigation.
- Cybersecurity Foundations: Training that teaches secure browsing, data privacy, password management, scam awareness, and digital hygiene practices to promote digital safety and responsible technology use.
- Innovation Studio: A specialized track for aspiring entrepreneurs focused on integrating digital tools into business planning, ethical AI awareness, and leveraging technology for early-stage business growth.
- Learn App: A digital platform offering free, self-paced modules and professional pathway videos in cybersecurity, software development, UX/UI, and project management.
- Certifications programs include:
    - Cybersecurity Professional Certificate + CompTIA Certifications

- Project Management Professional (PMP) Certificate + PMP Certification
- Software Development Professional Certificate + Microsoft Certifications
- IT Support Professional Certificate + AWS Certifications
- Data Analytics and Business Intelligence Certificate + IBM Certifications
- UX/UI Design Professional Certificate + Google Certifications

Austin Public Library

The Austin Public Library offers a combination of regularly scheduled and ad hoc digital literacy classes led by both library staff and community partners. Ongoing offerings include basic computer skills classes in English and Spanish through Austin Free-Net, as well as senior-focused sessions on downloading eBooks and navigating digital library resources.

In addition, the Library hosts one-time and short-series workshops on creative and technical tools such as 3D printing, Adobe Creative Cloud, video editing, CAD software, and digital audio production using platforms like Ableton and other digital audio workstations (DAWs). This diverse programming supports patrons at all skill levels, from foundational digital literacy to advanced digital creativity. The Library also provides free online access to Udemy.com, a professional learning platform offering courses in computer programming, business, digital arts, and more.

Austin Economic Development

AED is uniquely positioned to integrate digital and AI literacy training into workforce development and readiness programs as both the Community Technology unit and Workforce Development units are now centralized in the Workforce and Childcare Division. Below is a list of opportunities the Department has the potential to explore:

- The Community PC Program and the Community Technology Access Labs are positioned for partnership opportunities with workforce programs. For example, AED is exploring the needs of the Infrastructure Academy, including ensuring trainees have access to tech connectivity and devices.
- AED is developing a solicitation for workforce development and training services. The targeted industry list includes Information Technology as a targeted industry. There is an opportunity to align the solicitation with credentials in IT and the digital space.
- AED contracts with Austin Free Net to provide digital navigation services, some of which assist residents with workforce needs such as resume writing or applying for jobs online. One opportunity may be to amplify digital workforce training through the Austin Free Net navigation program.

The City has also administered the Grant for Technology Opportunities Program (GTOPs) since 2001. GTOPs provides $400,000 annually for digital equity initiatives, distributing 28 awards per year on average through the following pathways:

- GTOPs Core ($315,000 annually): ~12 awards, $10,000 - $35,000 each
- GTOPs Mini ($60,000 annually): ~6 awards, $5,000 - $10,000 each
- GTOPs Capacity ($25,000 annually): ~10 awards, $150 - $2,500 each

Since its inception, the program has invested $4.85M in community grants and attracted nearly $13M in matching funds. Additionally, the workplan moving forward will draw from the 2014 Digital Inclusion Strategic Plan, the 2023 Digital Equity Needs Assessment, and the 20210811-001 Response: Budget Rider 05 - Regarding Digital Equity.

The City Manager is directed to work with the cross-departmental Emerging Technology Board, the Technology Commission, and the community-led AI Advisory Committee to establish, in harmony with industry, state, federal, and international best practices in accordance with Austin laws and values, ethical AI system development criteria and transparency standards, implement risk assessments and regular monitoring protocols that include metrics for evaluating AI system performance, and conduct annual audits on the deployment and use of AI systems.

The Emerging Technology Board will partner with the Austin City Attorney's Office to ensure full compliance with House Bill 149. In parallel, Austin Technology Services (ATS) will update internal City policy documents, including the Acceptable Use Policy, Information Security Policy, and AI Policy. These updates will clarify and unify expectations for AI use across departments and include revised technology risk assessments that explicitly incorporate AI-related criteria. In addition, ATS will establish an AI registry to increase transparency and oversight of AI systems used by the City.

Part of this coordinated effort will also include research to identify and recommend ethical AI system development criteria and transparency standards and further identify monitoring tools and protocols, including key performance and accountability metrics, to evaluate AI systems throughout their lifecycle. These AI governance tools will help guide procurement, deployment, and oversight processes for AI technologies adopted by the City.

Austin Budget and Organizational Excellence is undertaking a project through the City's Open Government Partnership Action Plan, adopted in fall 2024, to create processes and approaches to evaluate and respond to incidences of bias, errors, and abuse in AI systems.

Establish a risk management process to assess AI impact on workforce

The ATS team and the Austin Human Resources team will research and recommend tools and processes to address risk management as it relates to the intersection of AI and human resource decision-making. ATS will post publicly any non-confidential audit findings on austintexas.gov, noting constraints and security concerns.

The City Manager is directed to establish a policy that requires all uses of AI to be coupled with a process for human review and oversight and to establish guidelines for the acceptable uses of AI and emerging technology that will not:

- **Intrude on individual's privacy and constitutional rights;**
- **Exploit vulnerable populations;**
- **Manipulate or deceive individuals;**
- **Assign a social score;**
- **Unlawfully appropriate intellectual property;**
- **Employ solely AI-based police reports, fire reports, or employment or policing decisions;**
- **Collect biometric data; or**
- **Misuse sensitive data.**

The City Manager is directed to create a policy that restricts data sharing to other public or private sector entities for these prohibited uses. AI tools are not to be used for continuous real-time monitoring of employees' work activities unless narrowly tailored for essential, cybersecurity, safety, or operational purposes and approved by the City Manager in accordance with the AI guidelines as established. No AI-based productivity scoring or behavioral monitoring should be used to discipline, penalize, or terminate employees unless reviewed and verified by a human supervisor, with clear criteria provided to employees in advance. Furthermore, any tool found to exhibit discriminatory bias that contravenes the AI guidelines as established should be immediately suspended from use until remediated.

The City hereby commits to implementing a "no displacement without consultation" policy by which no AI system will be deployed in a way that eliminates or significantly alters existing job classifications, duties, or staffing levels without prior notice to and consultation with affected employees and the unions that represent them (AFSCME 1624). The City Manager is directed to establish procedures that explore:

- **Providing direct notice to employees before any AI system is introduced that affects their work conditions, schedules, evaluations, or wages;**
- **Developing notices that include clear, plain-language explanations of what the AI system does, what data it collects, how it affects work assignments or evaluations, and how employees can raise concerns or contest decisions; and**
- **Developing and incorporating opportunities into the grievance process for employees to contest decisions made by or influenced by AI tools, with guaranteed access to human review and the right to appeal.**

The City Manager is directed to maintain periodic communication with the union (AFSCME 1624) and frontline worker representatives regarding AI deployments to gather feedback and jointly develop solutions to emerging challenges.

Texas House Bill 149 (HB 149), also known as the Texas Responsible Artificial Intelligence Governance Act (TRAIGA), is a comprehensive law that establishes a framework for the responsible use and regulation of AI systems within the state. Signed into law on June 22, 2025, and effective January 1,

2026, the bill aims to balance innovation with the protection of public safety, individual rights, and privacy. Key provisions of the Act include:

- **Government Transparency:** State agencies and government entities must disclose when individuals are interacting with an AI system rather than a human, even if it seems obvious. They are generally prohibited from using AI to capture biometric data from public sources without consent, if it would infringe on rights.
- **Prohibited Practices:** The law bans the development or deployment of AI systems with the intent to:
    - Incite or encourage self-harm, harm to another person, or criminal activity.
    - Unlawfully discriminate against a protected class such as race, sex, or age (disparate impact alone is not sufficient to show intent).
    - Be used for government social scoring of individuals.
    - Produce child pornography or sexually explicit deepfakes.
- **Regulatory Sandbox:** A program is created to allow companies and innovators to test new AI systems and models in a controlled environment for up to 36 months with reduced regulatory hurdles to encourage innovation.
- **Enforcement:** Exclusive enforcement authority is granted to the Texas Attorney General's office. The AG can issue civil penalties of up to $200,000 per uncurable violation.
- **Healthcare Disclosure:** Healthcare providers are required to disclose to a patient when an AI system is being used in relation to their healthcare service or treatment. The provider must still review all AI-generated records.

ATS, with guidance from the City Attorney's Office, will update the City's Acceptable Use Policy and Administrative Bulletins as required to comply with the provisions of HB 149. **Compliance with HB 149 will fulfill most of the requirements contained in** Resolution 20250424-055**.**

Additionally, when applicable, communication will be provided in advance of AI deployment and plain language explanations on AI systems, will be provided. City Information Technology implementation and change management processes will be updated to include notification to Austin Human Resources and employee unions.

The City Manager is directed to launch a public awareness campaign regarding the City's use and deployment of AI systems.

Austin Communications & Engagement will work with the City's AI initiative stakeholders to develop a survey and gather insights about the Austin community's general knowledge of AI technology and tools, as well as how they feel about the City's use of AI technology and tools. Analysis of the survey insights and key takeaways will inform the development of a comprehensive public awareness campaign that will include:

- **Guiding purpose statement, goals, and objectives** to ensure alignment across departments supporting the City's joint public education and awareness activities.
- **Key audiences, themes, and a clear public call to action** to focus messaging priorities.
- **Establishing sustainable public feedback gathering processes.** ACE will work with internal AI initiative partners to establish a feedback gathering plan that will include best methods, timing and cadence, data analysis timeline and framework as well as a process to close the feedback loop with the public.
- **A multi-platform approach.** Working in partnership with City department stakeholders and relevant external partners, ACE will implement an engaging, culturally relevant, language diverse multi-method/platform strategy to share messaging and reach as many diverse audiences as possible in Austin on as many communications channels where appropriate and fiscally feasible, such as local mainstream media, grassroots community media outlets, digital and streaming platforms, and more.
- **Communication Tool Kit.** ACE will work in partnership with internal and external AI initiative partners to develop a key message toolkit that includes shareable digital media images/graphics, a short video, and sample scripts/messages that can be shared with community partners and organizations, influencers, and other public outlets to amplify key messaging. A communications toolkit makes it easier for partners to share important information with minimal effort, but with maximum impact. It also helps ensure one consistent community message. ACE will work with Austin Public Library and the Parks & Recreation Department to distribute the kits and information among library branches, recreation centers, and other high- traffic facilities. ACE will share the toolkit with the Mayor and City Council to include in constituent communications as well as the City's network of communicators to share in utility bill inserts, newsletters, and other public-facing department communication channels.
- **Social Media.** Posts on City (and partner) social media accounts and paid social media posts in multiple languages with hyper targeting of key communities/demographics on Facebook and Instagram, depending on available funds.
- **Language Access.** Ensure translation of communications materials into the City's most frequently spoken languages (as defined by the US Census American Community Survey) and/or other priority languages as defined by the number of calls to 9-1-1 requesting translation support. Priority languages include: Arabic, Chinese, French, Hindi, Korean, Spanish, and Vietnamese.
- **Establish key performance indicators** and other metrics to measure messaging reach, impact and effectiveness in meeting outreach goals and objectives.