



**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

April 7, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Frank Coccimiglio, Manager of Information Technology
DEPARTMENT: Chief Administrative Officer
RE: DeepSeek Removal and Future Cyber Threats

Purpose

The purpose of this report is to respond to the Council resolution of February 24, 2025, requesting a plan to implement the removal of DeepSeek from City devices and a policy for dealing with future applications that may pose a cybersecurity risk to the corporation.

Background

DeepSeek is a Chinese artificial intelligence company that has developed a Generative AI (Gen-AI) chatbot that produces content such as text, audio, code, videos, and images. This content is produced based on information the user inputs, called a “prompt,” typically a short instructional text. AI systems can often access large datasets which can include sensitive or personal information. Unauthorized access to these datasets can lead to breaches of privacy.

Analysis

The City takes every measure possible to ensure the protection and privacy of municipal data.

Due to privacy concerns identified by Shared Services Canada and other federal agencies regarding the inappropriate collection and retention of sensitive private information and that Chinese national security laws compel DeepSeek to provide such data to the state, DeepSeek AI poses a security risk that the City needs to address.

A recent article from the Ontario Bar Association, titled “Real Intelligence on AI,” discusses regulatory concerns with DeepSeek. It states that “Due to ethical and security concerns, some organizations have restricted access to tools that pose a potential geopolitical risk as a proactive measure to mitigate risks related to confidentiality and security. Organizations should carefully assess these risks before allowing use of such models.”

The City will distribute and enforce an Artificial Intelligence Usage policy outlining the principles and guidelines for the ethical, responsible, and transparent use of

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AI. The policy will also ban the use of DeepSeek on all City-issued smartphones and tablets.

Information Technology will update the security strategy for corporate firewalls that block the use of this application on City workstations and laptops.

Information Technology will lead a one-year pilot project implementing GovAI technology. This technology provides a unique interface that wraps around the underlying Artificial Intelligence (AI) / Large Language Model (LLM) with a compliance and safety layer and provides deep government contextual knowledge to help City staff.

Further, IT will closely monitor Federal and Provincial bodies like Shared Services Canada and The Canadian Centre for Cyber Security to stay updated on looming cybersecurity threats, alerts, and advice. Any significant findings will be presented to the Chief Administrative Officer and Senior Management for necessary action. Updates on such actions will be provided to the Mayor and City Council.

Financial Implications

Funding for implementing GovAI is accommodated in the 2025 IT operating budget.

Strategic Plan / Policy Impact / Climate Impact

A Corporate Artificial Intelligence (AI) Usage Policy will be created, distributed to staff, and enforced by senior management and Information Technology.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Manager of Information Technology dated April 7, 2025 concerning the banning of DeepSeek be received and that the City proceed, by way of a corporate policy, to ban DeepSeek on City-issued electronic devices.

Information Technology, the CAO and Senior Management will also address future cybersecurity concerns, updating the Mayor and City Council accordingly.

Respectfully submitted,

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