




## The Purchasing Memo

**Date:** December 4, 2025

**To:** Governing Body and Finance Committee

**From:** Andrea Phillips, Deputy City Manager   
ANDREA PHILLIPS (Dec 5, 2025 10:09:03 MST)

**Via:** Mark Scott, City Manager   
Mark Scott (Dec 5, 2025 11:02:22 MST)

**Subject:** Contract Amendment #1-Arthur J. Gallagher-FY26 Insurance Premiums

**Vendor Name:** Arthur J. Gallagher & Co

**Munis Vendor Number:** Item #25-0278 (Munis number 3250637)

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### ITEM AND ISSUE:

The City Manager/Risk Management Office respectfully requests your review and approval of Contract Amendment #1 with Arthur J. Gallagher & Co. for an additional \$174,020 for inland marine insurance premiums and additional premiums resulting from possible policy audits for a total new contract amount of \$4,133,989.08.

### CONTRACT NUMBER:

The FY26 Munis contract number is #3260029

### BACKGROUND AND SUMMARY:

Arthur J. Gallagher was selected through a competitive RFP process (#25127) to serve as the City's broker for comprehensive insurance coverage. The City's plan year is July 1 to June 30 and each year the City must renew these policies. Funding for the premiums is budgeted in FY 2026. At the June 25 Governing Body meeting, Council authorized the professional services contract with Arthur J. Gallagher for a four-year period and on June 30, 2025, the Governing Body authorized insurance coverages/premiums with several carriers through the Broker. Recently, AJ Gallagher notified the city that the inland marine/commercial equipment coverage was not included in the quotes/proposals that was approved by the Governing Body, although it is part of the Hanover policy. The city is covered, but payment is due. This type of coverage is offered through Hanover, which also provides the City's automobile/vehicle coverage. The quote for this coverage is \$49,020, and covers heavy equipment and machinery such as backhoes, trailers, street sweepers, loaders, etc.

In addition to the cost of the premium for inland marine coverage, staff seek approval for an additional amount of \$125,000 in this fiscal year to cover additional premium costs, should they be assessed on the city as a result of policy audits. Costs are based on the information provided to the insurers; and therefore, premium costs may fluctuate throughout the year as items come off or are added to the policy. For example, the city's workers' compensation policy/program is currently being audited, which could result in additional premiums with audited payroll and classification information. The Excess Workers' Compensation policy is audited annually at policy expiration. The "estimated" payroll is provided when the policy is renewed and the "actual" payroll is requested at expiration through an audit. The difference in the two numbers will generate additional or return premiums.

The city's vehicle/auto listing may also be audited, which could result in additional costs. As the city adds additional vehicles, equipment and properties in the remaining months of the year, additional premiums under those respective policies. The carrier will take the difference in number of autos/equipment submitted from the expiring policy term and the renewal term and the difference in the two numbers will generate additional or return premiums.

**PRIOR APPROVALS AND SUPPORTING INFORMATION:**

**FUNDING SOURCE:**

**Fund Name/Number:** Risk Fund (600)

**Munis Org Name/Number:** 6001750 Risk Admin

**Munis Object Name/Number:** 555300

**Budget Officer / Designee:** Andy Hopkins **Date:** 12/04/2025

**Budget Officer Comment/Exceptions:** \_\_\_\_\_

**PROCUREMENT METHOD:**

**The procurement method used was** NMSA 1978, Section 13-1-111, RFP

Arthur J. Gallagher was selected through a competitive RFP process (#25127) to serve as the City's broker for comprehensive insurance coverage.

**Chief Procurement Officer (CPO)/Designee:**  **Date:** 12/04/2025

**CPO Comment/Exceptions:** \_\_\_\_\_

**ASSOCIATED APPROVALS:**

**IT Components included?**  Yes |  No

**Treasury/Point of Sale Components included?**  Yes |  No

**Vehicles included?**  Yes |  No

**Construction to City Facilities, Furniture, and/or Fixtures included?**  Yes |  No

**Is this an externally funded purchase?**  Yes |  No

**Is this a Capital Asset or Project?**  Yes |  No

**ATTACHMENTS:**

AJ Gallagher Contract Amendment Number 1

Inland Marine Equipment Quote from Hanover Insurance through AJ Gallagher



# **CITY OF SANTA FE**

## **Annual Insurance Premiums**

### **AMENDMENT NO. ONE TO CONTRACT # 3260029**

This AMENDMENT No. One the "Amendment") amends the CITY OF SANTA FE CONTRACT, dated June 30, 2025 (the "Contract"), between the City of Santa Fe (the "City") and Arthur J. Gallagher ("Gallagher" or "Contractor"). The date of this Amendment shall be the date when it is executed by the City and the Contractor whichever occurs last.

#### **1. RECITALS**

A. Under the terms of the subject Contract, Contractor has agreed to provide the City with Annual Insurance Premiums and through the parent contract, Item #25-0278 (Munis number 3250637) related broker services, including administration of insurance premium payments made to carriers on behalf of the City.

B. The Parties acknowledge that a needed coverage for the 25/26 policy period was omitted from the original premium calculation ("omitted coverage"), and that certain lines of coverage under the Contract are subject to carrier audits which may result in additional premiums ("Audit Premiums").

C. Pursuant to the Amendment Article of the original Contract, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the City and the Contractor agree as follows:

#### **2. SCOPE OF WORK**

Article 1 of the Arthur J. Gallagher Contract To Proposal For Insurance (Contract No. 3260029 Item and No.25-0291) is amended to increase the amount of compensation by a total of \$174,020.00 so that the following paragraph, inserted after the Coverage/Carrier table, reads as follows:

The City shall compensate the Contractor based the required types of insurance. For the types of insurance required, the City agrees pay the Contractor \$4,133,989.08. Invoicing and Payment Terms Payment will be made upon the City's acceptance of deliverables and receipt of a detailed, certified invoice from the Contractor. Payments will be sent to the Contractor's designated address. The City

shall issue payment in accordance with the timelines required by law.

**3. CONTRACT IN FULL FORCE**

Except as specifically provided in this Amendment, the Contract remains and shall remain in full force and effect, in accordance with its terms.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date of the signature by the required approval authority below.

CITY OF SANTA FE:

CONTRACTOR: ARTHUR J. GALLAGHER

\_\_\_\_\_  
ALAN WEBBER, MAYOR

*Maria King*  
\_\_\_\_\_  
MARIA KING, BRANCH PRESIDENT

DATE: \_\_\_\_\_

DATE: Dec 4, 2025

NMBTIN: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
ANDRÉA SALAZAR, CITY CLERK

CITY ATTORNEY’S OFFICE:

*Christopher W. Ryan*  
Christopher W. Ryan (Dec 4, 2025 10:37:24 MST)

SENIOR ASSISTANT CITY ATTORNEY

APPROVED FOR FINANCES:

*Emily K. Oster*  
\_\_\_\_\_

EMILY OSTER, FINANCE DIRECTOR










# Amendment One - Annual Insurance Premiums v2

Final Audit Report

2025-12-04

Created:	2025-12-04
By:	MATTHEW HARDING (mrharding@santafenm.gov)
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Transaction ID:	CBJCHBCAABAA50TalzSvI3j3hbyWD2jqxIUUnJ4gDLuIT

## "Amendment One - Annual Insurance Premiums v2" History

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2025-12-04 - 5:18:01 PM GMT- IP address: 63.232.20.2
-  Document emailed to Maria King (maria\_king@ajg.com) for signature  
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-  Document e-signed by Maria King (maria\_king@ajg.com)  
Signature Date: 2025-12-04 - 5:34:01 PM GMT - Time Source: server- IP address: 170.85.54.196
-  Document emailed to Chris Ryan (cwryan@santafenm.gov) for signature  
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-  Email viewed by Chris Ryan (cwryan@santafenm.gov)  
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-  Signer Chris Ryan (cwryan@santafenm.gov) entered name at signing as Christopher W. Ryan  
2025-12-04 - 5:37:22 PM GMT- IP address: 63.232.20.2
-  Document e-signed by Christopher W. Ryan (cwryan@santafenm.gov)  
Signature Date: 2025-12-04 - 5:37:24 PM GMT - Time Source: server- IP address: 63.232.20.2
-  Agreement completed.  
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Item #: 25-0291  
 Munis Contract #: \_\_\_\_\_  
 SWPA/GSA/Coop/RFP/ITB#: \_\_\_\_\_

**CITY OF SANTA FE  
 CONTRACT TO PROPOSAL FOR INSURANCE**

THIS CONTRACT is made and entered into by and between the City of Santa Fe, New Mexico, hereinafter referred to as the “City,” and **Arthur J. Gallagher (“Gallagher” or “Contractor”)**, hereinafter referred to as the “Contractor,” and is effective as of the date set forth below upon which it is executed by the Parties.

**RECITALS**

**WHEREAS**, the Chief Procurement Officer of the City has made the determination that this Agreement is in accordance with the provisions of the New Mexico Procurement Code (NMSA 1978, 13-1-28 et seq.) pursuant to NMSA 1978, section 13-1-111; and

**WHEREAS**, the Contractor is one of such requisite and qualifications and is willing to engage with the City for professional services, in accordance with the terms and conditions hereinafter set out, and the Contractor understanding and consenting to the foregoing is willing to render such professional services as outlined in the Agreement; and

The City and the Contractor hereby agree as follows:

**1. Scope of Work**

Pursuant to the terms of the Arthur J. Gallagher contract, Item #25-0278, with the City, and Exhibit A, the Contractor shall purchase the following insurance coverages on behalf of the City:

	<i>Coverage/Carrier</i>
<input checked="" type="checkbox"/> <b>Accept</b> <input type="checkbox"/> <b>Reject</b>	<b>Property - \$522,225.71</b> AIG Specialty Insurance Company
<input type="checkbox"/> <b>Accept</b> <input checked="" type="checkbox"/> <b>Reject</b>	<b>TRIA - Property</b>
<input checked="" type="checkbox"/> <b>Accept</b> <input type="checkbox"/> <b>Reject</b>	<b>Excess Property – 98,680</b> Mitsui Sumitomo Insurance Co of America
<input type="checkbox"/> <b>Accept</b> <input checked="" type="checkbox"/> <b>Reject</b>	<b>TRIA - Excess Property</b>
<input checked="" type="checkbox"/> <b>Accept</b> <input type="checkbox"/> <b>Reject</b>	<b>Auto PD &amp; Inland Marine - \$175,135</b> Hanover Insurance Company - \$175,135
<input type="checkbox"/> <b>Accept</b> <input checked="" type="checkbox"/> <b>Reject</b>	<b>TRIA - Auto PD &amp; Inland Marine</b>

<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Excess Liability - \$2,010,174.62 (RECOMMEND)</b> Gemini Insurance Company - \$2,443,746.18 Gemini Insurance Company & Lexington - \$2,010,174 Obsidian Specialty - \$1,802,552 Obsidian Specialty - \$2,214,561 Obsidian Specialty - \$2,575,075
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Excess Liability</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Fiduciary Liability - \$11,300</b> National Union Fire Insurance Company of Pittsburgh PA
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Fiduciary Liability</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Storage Tank Liability - \$14,643</b> ACE American Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Storage Tank Liability</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Excess Workers' Compensation - \$417,683</b> Safety National Casualty Corporation
<b>Included*</b>	<b>TRIA - Workers' Compensation</b>

**The City is rejecting all 3  
Obsidian Specialty options.**

<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Airport Liability - \$14,164 (RECOMMEND – will offer 2 year)</b> Starr Indemnity & Liability Company
<input checked="" type="checkbox"/> Option # 1	
<input type="checkbox"/> Option # 2	ACE Property & Casualty Insurance Co - \$12,064 (will offer 3-year option)
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Airport Liability</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Environmental Liability (City) - \$138,384.53</b> Evanston Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Environmental Liability</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Environmental Liability SFSWMA- \$56,645</b> Evanston Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Environmental Liability</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Fine Art - \$5,870</b> StarNet Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Fine Art</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Cyber Liability - \$62,975.00</b> Palomar Excess and Surplus Insurance Company - \$62,975.00 (RECOMMEND)
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	Palomar Excess and Surplus Insurance Company - \$117,693.29

<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	Resilience - \$66,436.94
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	Resilience - \$111,243.24
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Crime - \$8,065</b> National Union Fire Insurance Company of Pittsburgh PA
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Crime</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Property – SFUAD Primary (Non-Hab) – Lexington - \$105,578.08</b> Lexington Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Property</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Property - SFUAD Primary Landmark (Non-Hab) - \$128,959.76</b> Landmark American Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Property</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Property – SFUAD Primary Kinsale (Non-Hab) - \$20,961.11</b> Kinsale Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Excess Property</b>

<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Excess Property – SFUAD Endurance (Non-Hab) - \$38,505.61</b> Endurance American Specialty Ins Co
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Excess Property</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Excess Property – SFUAD Arch (Non-Hab) - \$34,741.88</b> Arch Specialty Insurance Company
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Excess Property</b>
<input checked="" type="checkbox"/> Accept <input type="checkbox"/> Reject	<b>Excess Property – SFUAD Homeland (Non-Hab) - \$95,277.78</b> Homeland Insurance Company of New York
<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject	<b>TRIA - Excess Property</b>

### Exposures and Values

The City confirm the payroll, values, schedules, and any other information pertaining to the City’s operations, and submitted to the underwriters, were compiled from information provided by the City. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies. The City acknowledges it is its responsibility to notify Gallagher of any material change in its operations or exposures.

**Additional Terms and Disclosures**

Gallagher is not an expert in all aspects of the City’s business. Gallagher’s Proposals for insurance are based upon the information concerning the City business that was provided to Gallagher by the City. Gallagher expects the information the City provides is true, correct and complete in all material respects. Gallagher assumes no responsibility to independently investigate the risks that may be facing the City’s business, but rather have relied upon the information the City provides to Gallagher in making our insurance Proposals.

The terms of Item # 25-0278 , in particular paragraphs 23 and 24 of Item # 25-0278, govern this contract to the extent they conflict with the terms of this contract. Gallagher's liability to the City arising from any of Gallagher’s acts or omissions will not exceed \$20 million in the aggregate. The parties each will only be liable for actual damages incurred by the other party, and will not be liable for any indirect, special, exemplary, consequential, reliance or punitive damages. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with the Proposal, any of Gallagher’s services or your relationship with Gallagher may be brought by either party any later than two (2) years after the accrual of the claim or cause of action.

Gallagher shall protect the City’s confidential information from unauthorized use or disclosure pursuant to Gallagher’s Privacy Policy located at <https://www.ajg.com/privacy-policy/>.

The City has read, understands and agrees that the information contained in Exhibit A and all documents attached to and incorporated into the Exhibit A, is correct and has been disclosed to the City prior to authorizing Gallagher to bind coverage and/or provide services to the City. By signing below, or authorizing Gallagher to bind the City’s insurance coverage through email when allowed, the City acknowledge the City has reviewed and agrees with terms, conditions and disclosures contained in the Exhibit A.

IN WITNESS WHEREOF, the Parties have executed this Contract as of the date of the signature by the required approval authorities below.

CITY OF SANTA FE:

CONTRACTOR:

  
MAYOR, ALAN WEBBER

  
MARIA KING, AREA PRESIDENT

DATE: 06/27/2025

NMBTIN#: \_\_\_\_\_

City of SF Business License #: \_\_\_\_\_

ATTEST:

  
CITY CLERK

GB MTG 06/30/2025

CITY ATTORNEY'S OFFICE:

  
Christopher W. Ryan (Jun 27, 2025 16:44 MDT)

SENIOR ASSISTANT CITY ATTORNEY

APPROVED FOR FINANCES:

  
FINANCE DIRECTOR









# Purchasing\_Memo\_AJ Gallagher Contract Amendment 1\_insurance premiums

Final Audit Report

2025-12-05

Created:	2025-12-05
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## "Purchasing\_Memo\_AJ Gallagher Contract Amendment 1\_insurance premiums" History

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-  Agreement completed.  
2025-12-05 - 6:02:22 PM GMT