

## AGENDA REPORT

To: Mayor Pat Humphrey and the Clare City Commission  
From: Jeremy Howard, City Manager  
Date: March 16, 2023  
Regarding: Approve Farming Bids and Authorize Lease Agreement – Industrial Park #3(IP3)

For the Agenda of March 20, 2023

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Background. Up until recently, the City of Clare has maintained a long-standing contract with Rawson Farms to allow them to lease vacant city land at the South end of the city (future Industrial Park #3) for use as cropland in return for a fee per acre. As of this Spring Rawson Farms will no longer be farming, therefore the City of Clare is seeking a new farmer who desires to lease the land.

In order to find a new farmer willing to lease the land, the city drafted and advertised an RFP for farming services. Bids were due by 2:00 p.m. on March 16, 2023. The city received five (5) bids (see the att'd bid tab). The high bid was received from Jim Kreamsreiter of Kreamsreiter Farms. After reviewing the bids and checking references, City Staff is recommending approving the high bidder and entering into a lease agreement with Kreamsreiter Farms for farming services of approximately 95 acres at the future Industrial Park #3 location (newly purchased land and already owned land).

The City Commission is asked to approve the bids and award the lease agreement to Kreamsreiter Farms as well as authorize the City Manager to sign all necessary and related documents.

Issues & Questions Specified. Should the City Commission approve the bids and award a farming services contract with Kreamsreiter Farms?

Alternatives.

1. Approve the bids and award the lease agreement to the high bidder.
2. Do not approve the bids and award the lease agreement.
3. Defer this matter to a subsequently scheduled City Commission meeting.

Financial Impact. The financial benefit to the City is approximately \$15, 200.00 per year.

Recommendation. I recommend that the City Commission approve the bids and award the lease agreement for Farming Services at the city's IP3 with Kreamsreiter Farms, and authorize the City Manager to sign all necessary and related documents by adoption of Resolution 2023-021 (*copy att'd*).

Attachments.

1. Bid Tab Sheet.
2. Proposed Contract and supporting documents.
3. Resolution 2023-021.

BIDS DUE: March 16, 2023 at 2pm

Ind. Farmland

BID	BIDDER INFORMATION	
	NAME & ADDRESS	PHONE
#130/Acre	Colt Davis - CDavis Farms 8530 E Beaverton Rd Clare	989-429 4304
#125/Acre	Shea Farms LLC Nathan Shea 10719 Spruce Rd Gladwin 48624	email: nateshea456@gmail.com 989-429-6660
#160/Acre	Kremsreiter Farms (Jim) 1592 W Beal City Rd Mt Pleasant 48858	989 621 3893
#120/Acre	Hastetler Farm (Sam) 11650 Oak Rd Clare	989 339 4819
#150/Acre	Corner Stone Acres Robert Ervin 1320 S Vamber Rd Mt Pleasant 48858	989 773-1115

Bids were opened on 3/16/2023  
by Mary Warner, Utility Billing Clerk and Cheryl Coon, Asst. Treasurer

**FARMLAND LEASE BID FORM**  
**City of Clare Industrial Park 3 Property**

**EQUAL OPPORTUNITY**

In accordance with Federal law and U.S. Department of Agriculture policy, the City of Clare is prohibited from discriminating on the basis of race, color, national origin, age, disability, religion, sex, familial status, sexual orientation, and reprisal. To file a complaint of discrimination, write to:

USDA, Assistant Secretary of Civil Rights  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, S.W., Stop 9410  
Washington, DC 20250-9410

Or call toll free at 866/632-9992 (English) or 800/877-8339 (TDD) or 866/377-8642 (English Federal-relay) or 800/845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

**BID SUBMISSION**

Sealed bids will be accepted until 2:00 p.m. on Thursday, March 16, 2023, at which time the bids will be opened. Sealed bids must be submitted on this bid form and delivered or mailed to:

City of Clare  
**Farmland Lease Bid-IP3**  
202 W Fifth Street  
Clare, MI 48617

The City of Clare reserves the right to accept and/or reject any and/or all bids. Postmarks will not be accepted.

INDUSTRIAL PARK 3 FARMLAND LEASE BID: \_\_\_\_\_/ACRE

BUSINESS NAME: \_\_\_\_\_

INDIVIDUAL AUTHORIZED TO SUBMIT BID: \_\_\_\_\_

STREET ADDRESS: \_\_\_\_\_

CITY/STATE/ZIP: \_\_\_\_\_

EMAIL ADDRESS: \_\_\_\_\_

SIGNATURE OF AUTHORIZED BIDDER: \_\_\_\_\_

### **FARMLAND LEASE AGREEMENT IP3**

**THIS LEASE** made this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by and between, the City of Clare, hereinafter referred to as "**LESSOR**"; and \_\_\_\_\_ of Address \_\_\_\_\_, County \_\_\_\_\_, State \_\_\_\_\_, Zip Code \_\_\_\_\_, hereinafter referred to as "**LESSEE**".

This lease is made upon the following terms and conditions, all and every one of which the parties hereto agree to perform:

**1. Description of Leased Premises**

**LESSOR** hereby rents and leases to **LESSEE** the premises described on Schedule "A" and identified on Exhibit "1" attached hereto (the "Premises").

**2. Term and Termination**

The term of this lease shall be for a period of 1 Year(s) commencing on March 21, 2023 and terminating on March 20, 2024. However, this Lease may be renewed on the same terms and conditions set forth herein by mutual consent of the parties. The parties hereto may renegotiate the rental price and the number of years of renewal.

Notwithstanding any provision of this contract to the contrary, Lessor reserves the right to terminate this contract in whole or for a portion of the leased property at any time up and until the planting of spring crops, each year, without creating any claim by Lessee of any sort for breach of this lease or other damages. Lessee shall notify Lessor of its expected planting schedule, at least 30 days prior to planting. Once Lessee plants crops for the spring season, the Lease may not be terminated by Lessor absent either permitting Lessee to remove its harvest at the proper time, or payment for the crop Lessee loses.

**3. Rental**

**LESSEE** shall pay **LESSOR** rents for the Premises leased in the manner outlined on the attached Schedule "B".

**4. Taxes**

The **LESSOR** agrees to pay the real estate taxes.

**5. Use of Premises**

The **LESSEE** covenants and agrees to farm the land according to reasonable agricultural methods, and being that part of this involves soil testing, fall tillage, liming and fertilization, that **LESSEE** shall be reimbursed in full for such soil testing, tillage, fertilization and liming done, by or for **LESSEE**, prior to planting of spring crop if the farm is no longer farmed for the reason of Death or Disability of **LESSEE** or Development by **LESSOR**, any other reason will be negotiable. **LESSOR** also agrees that **LESSEE** is entitled to all Agricultural, Insurance, and Disaster Payments earned as operator of this farm during the duration of this lease. Lessee agrees to install waterways and maintain them for the term of the lease. Lessee will also maintain road ditches for the duration of the lease.

**6. Insurance**

**LESSEE** shall carry adequate public liability insurance in an amount not less than \$500,000.00.

**7. Holding Over By Lessee**

If the **LESSEE** holds over after the expiration of the term specified in this lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary, subject, however, in all other respect, to all of the other terms and conditions of this lease.

**8. Lessee's Right to Crops in Cycle**

In the event of the termination of this Lease, or in the event of default by the **LESSEE**, **LESSEE** may continue to cultivate and harvest the crops then growing on the leased Premises, but **LESSOR** shall have a security interest in the crops and the proceeds of the sale of the crops to secure payment of the rental due and to become due during the balance of the then-current lease term.

**9. Assignment**

This Lease cannot be assigned except with written consent of the parties and, at the expiration of said term, or upon any sooner termination of this Lease as herein provided, the **LESSEE** agrees to deliver up the said Premises in as good a condition and order as the same or now in, reasonable wear and damage by the elements excepted.

**10. Effect of Agreement**

It is mutually agreed that the covenants and agreements herein contained shall extend to and be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, and assigns.

**LESSOR:**

City of Clare

\_\_\_\_\_  
Pat Humphrey, Mayor  
FEIN: 38-6004529  
202 West Fifth Street  
Clare, Michigan 48617

**LESSEE:**

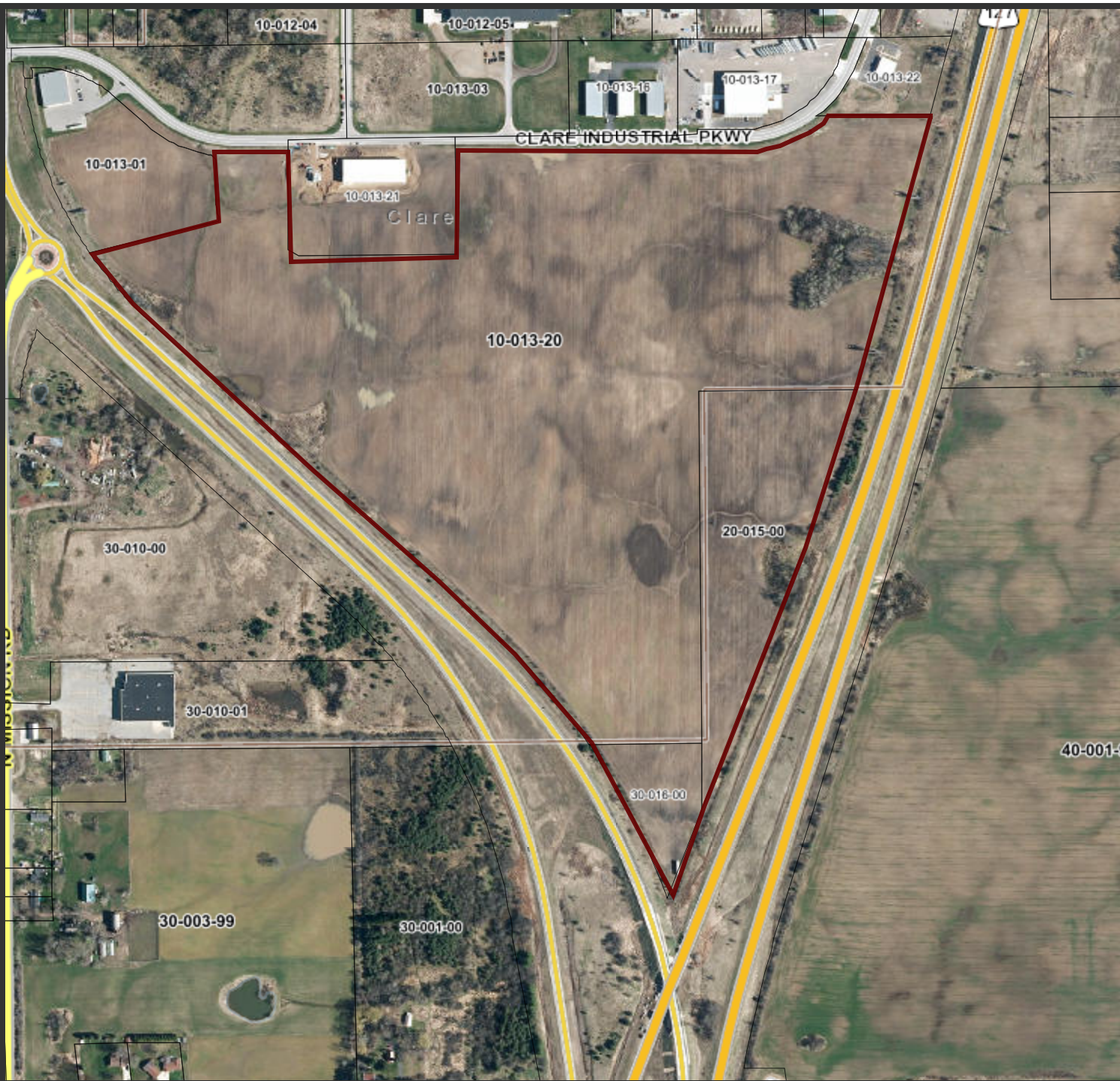
Company: \_\_\_\_\_

By: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_



County of Isabella  
Clare South IP Farmland



Map Publication:  
02/27/2023 5:05 PM



**Disclaimer:** This map does not represent a survey or legal document and is provided on an "as is" basis. Isabella County expresses no warranty for the information displayed on this map document.

**SCHEDULE-A**

**Legal Description of Leased Premises**

Approximately 95 acres located in Section 2 of Vernon Township, Isabella County, Michigan, of tillable acreage located within Property ID Numbers 18-002-10-013-23, 18-002-20-015-00, 18-002-30-016-00; Identified on the attached GIS map as Exhibit 1. The true amount of tillable acreage is to be calculated in coordination between the lessee and lessor.

**Lessor Acknowledgement (Initials)** \_\_\_\_\_

**Lessee Acknowledgement (Initials)** \_\_\_\_\_

**Date of Schedule A (IP3 property lease) Agreement:** \_\_\_\_\_

**SCHEDULE-B**

**Rental**

The **LESSEE** shall pay to the **LESSOR**, as rent for said Premises, \_\_\_\_\_per acre, per year for all land subject to this lease agreement. Said rental shall be paid annually on or before December 31 of each contract year. Provided, however, that it may be mutually agreed upon by the parties that said rental payment may be paid at a later date to be determined by the parties.

This lease shall automatically terminate on March 20 of any year if the rent for the previous year has not been paid in full, or other satisfactory arrangements have been made between the **LESSOR** and the **LESSEE**.

**Lessor Acknowledgement (Initials)** \_\_\_\_\_

**Lessee Acknowledgement (Initials)** \_\_\_\_\_

**Date of Schedule B (IP3) Agreement:** \_\_\_\_\_



**RESOLUTION 2023-021**

**A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING BIDS AND AWARDING A LEASE AGREEMENT FOR FARMING SERVICES TO KREMSREITER FARMS AT THE CITY OF CLARE INDUSTRIAL PARK #3 PROPERTY.**

**WHEREAS**, the city's long-time farming lessor has notified the city that they have sold their farm and will no longer farm the property of the City of Clare; and

**WHEREAS**, the City thence solicited bids for said farming services; and

**WHEREAS**, five (5) bids were received and Kreamsreiter Farms was the high bidder at \$160.00/acre; and

**WHEREAS**, the City Staff has reviewed said bids and determined that the bid from Jim Kreamsreiter meets bid specifications and requirements; and

**WHEREAS**, the City desires to enter into an agreement with Kreamsreiter Farms for Farming services of approximately 95 acres for the City of Clare at the future site of Clare Industrial Park #3; and

**WHEREAS**, the payment for said lease is reasonable and appropriate; and

**NOW THEREFORE BE IT RESOLVED THAT** the City Commission of the City of Clare hereby approves a lease agreement between the City of Clare and Kreamsreiter Farms with said contract to commence on March 20, 2023 and terminate on December 31, 2023 unless renewed before that date.

**BE IT FURTHER RESOLVED THAT**, the Mayor and City Commission of the City of Clare hereby formally authorizes the City Manager to sign all necessary and related documents.

**ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.**

**The Resolution was introduced by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_. The Resolution declared adopted by the following roll call vote:**

**YEAS:**

**NAYS:**

**ABSENT:**

Resolution approved for adoption on this 20<sup>th</sup> day of March, 2023.

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Diane Lyon, City Clerk