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**May 8, 2026**

**To:**

President Gail Gilman  
Vice President Stephen Engblom  
Commissioner Willie Adams  
Commissioner Steven Lee  
Commissioner Ken McNeely

**From:**

Michael Martin, Acting Executive Director

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*Michael Martin*  
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**Subject:**

Request approval of a Settlement Agreement for Bauer's Intelligent Transportation, Inc. (Bauer) under Lease No. L-15004 (Pier 50, Sheds A and C), Lease L-16206 (401 Terry Francois Blvd - terminated) and Parking Agreement 003805 (Pier 96 - terminated) to resolve all balances due including Port waiver of certain rent, terms for completing safety upgrades to Pier 50, and resolution of litigation against Bauer upon compliance with the Settlement Agreement.

**Acting Executive Director's Recommendation:**

Approve the Attached Resolution No. 26-28

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**EXECUTIVE SUMMARY**

Bauer's Intelligent Transportation, Inc., a California corporation ("Tenant"), has been a Port tenant for over 20 years, providing private transportation services across the Bay Area for companies needing shuttle service for employees, hospitality needs, and conventions. Tenant is currently delinquent in rent after it went out of good standing prior to the pandemic and was precluded from extending its lease for Pier 50, Sheds A and C when it expired in 2022. After years of negotiations regarding appropriate repayment terms, Port staff have reached a settlement that will address outstanding balances on all of Tenant's agreements in a fair way while setting the tenant on a path to an achievable business model, paying market rent in an improved, Fire Code-compliant facility.

## STRATEGIC PLAN OBJECTIVES

The proposed item supports the [Port's 2026-30 Strategic Plan](#) by advancing the following goals:

### Economic Growth

Completing this settlement with Tenant supports the Port's Economic Growth objective by strengthening economic stability through recovery of past due rent, securing a sustainable path for a long-standing tenant, and enabling essential fire safety improvements to a Port facility.

## BACKGROUND

At the Port Commission's January 14, 2025 meeting, Port staff provided an informational update regarding settlement negotiations with Tenant. The January 14 staff report<sup>1</sup> provided a detailed history of this challenging negotiation and is linked below for reference.

After that hearing, Port staff renewed negotiations with Tenant. On March 6, 2026, Port staff returned to the Port Commission in executive session to discuss final settlement terms that have been reached with the tenant. The terms set forth below, and in the settlement agreement on file with the Port Commission secretary, reflect the direction received on March 6.

## SETTLEMENT TERMS

The proposed settlement agreement requires approval by the Port Commission and the Board of Supervisors. The key terms of the proposed settlement are summarized as follows:

1. **401 TFB:** Tenant's proposal regarding payment of \$121,261 and waiver of finance charges to settle the outstanding rent at 401 TFB is accepted.
2. **Pier 96:** Tenant's proposal regarding payment of \$126,750 and waiver of finance charges to settle the outstanding rent at Pier 96 is accepted.
3. **Pier 50:**
  - a. The revised retroactive rent schedule as proposed by Tenant is accepted for the period June 1, 2022 through May 31, 2026. The following table shows those rates along with the rates that would be payable under the settlement agreement through May 31, 2032:

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The January 14, 2025 staff report can be found at the following link  
<https://www.sfport.com/media/10167/download?inline=>

<b>Period</b>	<b>Rent per month</b>
June 1, 2022 – May 31, 2023	\$110,109
June 1, 2023 – May 31, 2024	\$117,974
June 1, 2024 – May 31, 2025	\$125,389
June 1, 2025 – May 31, 2026	\$141,569
June 1, 2026 – May 31, 2027	\$157,299
June 1, 2027 – May 31, 2028	\$162,017
June 1, 2028 – May 31, 2029	\$166,878
June 1, 2029 – May 31, 2030	\$171,884
June 1, 2030 – May 31, 2031	\$177,040
June 1, 2031 – May 31, 2032	\$182,351

- b. Port grants rent relief in the amount of \$438,524.
- c. By accepting the revised retroactive rent schedule, Port agrees to waive a total of \$1,651,392 in rent from June 2022 through May 2025.
- c. Port accepts Tenant’s agreement to make an upfront payment of \$500,000 towards the outstanding amount owed, payable upon execution of the settlement agreement.
- d. Port agrees that the remaining balance for Pier 50 through May 2025 (after applying the amounts specified in Sections 3.b and 3.c, excluding finance charges, late fees as of the date of settlement, and the required security deposit increase) is \$2,359,686.95 (the “Unpaid Rent Amount”).
- e. Port agrees to a payment plan for the Unpaid Rent Amount. The payment plan will include a one-time administrative fee of \$70,790.61 (equal to 3% of the Unpaid Rent amount), resulting in a total repayment amount of \$2,430,477.56, payable in monthly installments of \$40,508 over a 60-month period beginning after the sprinkler project for Pier 50 Shed C is completed.
- f. The Port accepts Tenant’s proposal that finance charges, attorney fees, administrative and late fees relating to the repayment amount are waived upon execution of the settlement agreement.
- g. Events of default relating to the payment plan:
  - i. If Tenant fails to complete the sprinkler project (described in Section 4) as of the date that is 12 months from the Board of Supervisors’ approval of the settlement agreement, then all unpaid amounts relating to the Unpaid Rent Amount for the Pier 50 lease will be immediately due and payable.

- ii. The settlement agreement requires that if Tenant is late with a monthly payment plan payment by more than 45 calendar days, then all unpaid amounts relating to the Unpaid Rent Amount will be immediately due and payable. Likewise, the payments for the Unpaid Rent Amount are accelerated if Tenant is late paying rent.
- h. Security Deposit: Tenant will make payment of \$111,298 covering the increase in security deposit upon execution of the settlement agreement. This is separate from the payment plan terms noted above and is a condition that must be satisfied at the execution of the settlement agreement.

4. **Sprinkler Installation:**

- a. Tenant will install a fire sprinkler system approved by the Port for the entirety of Pier 50 Shed C at its own expense to comply with relevant codes governing Tenant’s use of the facility, subject to standard City lease provisions regarding the performance of capital improvements on Port property.
- b. Upon satisfactory completion of the installation, Port will allocate rent credits to Tenant in the amount of its verified costs of construction, up to a maximum credit amount of \$2 million.

Such rent credits will be applied to the first month’s rent following the completion of the sprinkler project and will continue to be applied to each subsequent month’s rent until the rent credits are exhausted. For the avoidance of doubt, these credits are to be applied to future rent under a new lease and generally not to be applied to the “Unpaid Rent” balance of \$2,359,686.95 as mentioned in 3.d.

- 5. **New Rent Structure:** Tenant’s proposal regarding the rent structure for an additional 5-year term is accepted, contingent on successful completion of the sprinkler project and satisfaction of all other aspects of the settlement agreement.
  - a. For clarity, Tenant shall remain in holdover status with limited assurances for the 5-year extension after the sprinkler installation is complete, as required under the settlement agreement, and the relevant building permits have been signed off by the appropriate regulatory authorities.
  - b. Rent for the Pier 50 space for the additional term will be payable as set forth in the following table.

<b>Period</b>	<b>Rent per month</b>
June 1, 2026 – May 31, 2027	\$157,299
June 1, 2027 – May 31, 2028	\$162,017
June 1, 2028 – May 31, 2029	\$166,878
June 1, 2029 – May 31, 2030	\$171,884
June 1, 2030 – May 31, 2031	\$177,040

June 1, 2031-May 31, 2032	\$182,351
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6. **Stipulated Judgment:** The settlement agreement includes an agreement by the parties to pursue a series of court filings that will allow for an accelerated filing of a stipulated judgment for all outstanding portions of the Unpaid Rent Amount and possession of the Pier 50 premises. Enforcement of the stipulated judgment will be at the Port’s election on or after the date that is 45 calendar days from the Port’s issuance of a notice of default of the Settlement Terms if not cured within such period.

**STAFF ANALYSIS AND RECOMMENDATION**

Tenant’s business has been greatly impacted by a number of lingering effects of the pandemic, including increased remote work and a decrease in convention business in the City. Port staff have reviewed Tenant’s business plan and associated profit and loss projections and believe that the settlement terms are achievable, but such satisfaction will rely on the Tenant making steady growth in its business, hopefully in line with ongoing improvement in the business climate. Port staff have also reviewed an updated cost estimate for the proposed sprinkler project and have confirmed that the terms previously negotiated for the rent credits remain feasible.

As discussed previously, Port staff believes that the settlement structure Port staff has proposed, which would require the execution of court filings and a settlement agreement enforceable through a stipulated judgment filed with the San Francisco Superior Court in the event of a future breach, is in the Port's best interest in realizing partial repayment of back rent and in setting Tenant on a path to continued operations and an ongoing partnership with the Port.

**RECOMMENDATION**

Port staff recommends that the Port Commission approve the resolution and direct Port staff to seek approval from the Board of Supervisors in order to complete the settlement as described in this staff report and the settlement agreement.

**Prepared by:**

Michael Martin, Acting Port Director

Kimberley Beal, Assistant Deputy Director  
Real Estate and Development

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 26-28**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, The Port entered into Lease No. L-15004 dated November 30, 2011, with Bauer’s Intelligent Transportation, Inc., a California corporation (“Tenant”) for office and operational space at Pier 50, Sheds A and C (the “Pier 50 Lease”); and
- WHEREAS, The Port entered into Lease No. L-16206 dated November 1, 2016, with Tenant for office space at 401 Terry Francois Boulevard, Suite 212 (the “401 TFB Lease”), and Parking Agreement 003805 dated September 20, 2016 for bus parking at Pier 96 (the “Pier 96 License”); and
- WHEREAS, The 401 TFB Lease and the Pier 96 License were terminated and ultimately the properties were surrendered to the Port on May 31, 2022 and February 16, 2026, respectively, with outstanding balances remaining under both agreements; and
- WHEREAS, The Pier 50 Lease expired on May 10, 2022, and Tenant has remained in possession of the premises in holdover status without Port consent and has failed to pay all amounts due under the Pier 50 Lease; and
- WHEREAS, The Port and Tenant have reached an agreement on the terms of a settlement agreement, a copy of which is on file with the Commission Secretary (the “Settlement Agreement”), to resolve all outstanding financial obligations under the aforementioned leases and license, and to establish terms for Tenant’s continued occupancy at Pier 50 until May 31, 2032, including safety upgrades; and
- WHEREAS, The Settlement Agreement also includes a stipulated judgment mechanism to protect the Port’s interests in the event of default; and
- WHEREAS, The parties now wish to settle their dispute in a manner that allows Tenant to continue its occupancy at Pier 50 with the intention of avoiding protracted disputes, uncertainties, and litigation; and
- WHEREAS, The Settlement Agreement requires approval by the Board of Supervisors; now, therefore be it

RESOLVED, That the Port Commission hereby approves the Settlement Agreement on file with the Port Commission Secretary, subject to approval by the Board of Supervisors; and be it further

RESOLVED, That the Port Commission recommends that the Board of Supervisors approve the Settlement Agreement; and be it further

RESOLVED, That, upon approval, the Port Commission authorizes the Executive Director to execute the Settlement Agreement and any other documents, additions, amendments, or other modifications to the Settlement Agreement or the Pier 50 Lease that the Executive Director, in consultation with the City Attorney, determines, when taken as a whole, to be in the best interest of the Port, do not materially increase the obligations or liabilities of the City or the Port, and are necessary or advisable to complete the transactions which this Resolution contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by execution and delivery by the Executive Director of such documents.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting on May 12, 2026.***

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Secretary