

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

January 27, 2026

FROM

NOEL CASTILLO, Director, Department of Public Works – Transportation

SUBJECT

Resolutions Increasing Amount of Restricted Fund Balance Reserve for the Ludlow Quarry, Ocotillo Quarry, and Cove Quarry Mining and Reclamation Plans

RECOMMENDATION(S)

1. Adopt **Resolution No. 2026-11** increasing the amount of the Restricted Fund Balance Reserve in the Department of Public Works – Transportation 2025-26 Road Operations budget from \$242,210 to \$384,263 to serve as the financial assurance mechanism for the Department of Public Works – Transportation’s Ludlow Quarry Mining and Reclamation Plan (Four votes required).
2. Adopt **Resolution No. 2026-12** increasing the amount of the Restricted Fund Balance Reserve in the Department of Public Works – Transportation 2025-26 Road Operations budget from \$51,047 to \$60,939 to serve as the financial assurance mechanism for the Department of Public Works – Transportation’s Ocotillo Quarry Mining and Reclamation Plan (Four votes required).
3. Adopt **Resolution No. 2026-13** increasing the amount of the Restricted Fund Balance Reserve in the Department of Public Works – Transportation 2025-26 Road Operations budget from \$39,725 to \$43,791 to serve as the financial assurance mechanism for the Department of Public Works – Transportation’s Cove Quarry Mining and Reclamation Plan (Four votes required).

(Presenter: Noel Castillo, Director, 387-7906)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders. Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). State mining regulations allow for government entity operators, such as the County, to use a budget set-aside as a financial assurance mechanism subject to review and approval by the County’s Department of Land Use Services – Planning Division (LUS) and the California Department of Conservation, Division of Mine Reclamation (State DMR).

The following Restricted Fund Balance Reserves will serve as the financial assurance for the approved Reclamation Plans:

- Ludlow Quarry: \$384,263
- Ocotillo Quarry: \$60,939

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- Cove Quarry: \$43,791

Sufficient available reserves exist within the Department of Public Works' (Department) 2025-26 Road Operations budget (6650002000 – H14839). The Department will work with the Auditor-Controller/Treasurer/Tax Collector to establish the total amount needed for Ludlow Quarry, Ocotillo Quarry, and Cove Quarry in the respective account in the Road Operations Fund and will submit the required financial assurance documents to the State DMR and LUS. The financial assurance is to cover costs for the reclamation of the site at the end of the quarry life.

The designated reserve must remain in place for the entire life of the mining operation and until reclamation is complete. The reserve may be reduced over time as each phase of reclamation is completed. Quarry operations are expected to occur over approximately 50 years, with reclamation performed concurrently within each phase.

BACKGROUND INFORMATION

State mining regulations require public agencies that operate surface mines to prepare an approved Reclamation Plan and to provide a corresponding financial assurance to guarantee that reclamation work will be completed when mining activities end. For public agencies, a budget set-aside is an allowable form of financial assurance, subject to approval by the LUS and the DMR.

The Department operates three quarries that support roadway maintenance in the Mojave Desert region: Ludlow Quarry, Cove Quarry, and Ocotillo Quarry. Each quarry has an approved Reclamation Plan, and each requires periodic updates to its financial assurance amount as labor, equipment, and monitoring costs change.

- Ludlow Quarry

Ludlow Quarry is located in the Mojave Desert near the community of Ludlow, adjacent to National Trails Highway. A Reclamation Plan is required for this site, along with proof of financial assurance to fund reclamation work at the end of the quarry's life. As costs for reclamation activities have increased over time, the Board has periodically updated the budget set-aside for this site.

Financial Assurance History for Ludlow Quarry:

- May 24, 2016 (Item No. 124): Established the set-aside for the Ludlow Quarry in the amount of \$81,304
- November 1, 2016 (Item No. 43): Updated cost estimate increased the set-aside to \$132,789.
- March 2, 2021 (Item No. 36): Set-aside increased to \$242,210 due to rising reclamation costs.

Proposed Increase (Recommendation No. 1): Approval of this item will increase the amount of the Restricted Fund Balance to reflect the new cost estimate for increased equipment, labor, and monitoring costs, requiring an updated set-aside of \$384,263.

- Ocotillo Quarry

Ocotillo Quarry is a 20-acre County-owned site near Phelan, adjacent to Ocotillo Way and Valley Vista Avenue. The quarry provides locally sourced materials for nearby road

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repairs, reducing hauling costs and improving operational efficiency. As with the other quarries, a Reclamation Plan and proof of financial assurance are required.

Financial Assurance History for Ocotillo Quarry:

- March 2, 2021 (Item No. 34): Initial Restricted Fund Balance Reserve of \$51,047 established.

Proposed Increase (Recommendation No. 2): Approval of this item will increase the amount of the Restricted Fund Balance to reflect the new cost estimate for increased equipment, labor, and monitoring costs, requiring an updated set-aside of \$60,939.

- Cove Quarry

Cove Quarry is a 40-acre County-owned site located near Lucerne Valley on the northwest side of Cove Road. The quarry provides material used in maintaining and repairing County roads affected by storm damage, shoulder washouts, and other erosion events. Like all County-operated quarries, a Reclamation Plan and financial assurance must be maintained.

Financial Assurance History for Cove Quarry:

- March 2, 2021 (Item No. 35): Initial Restricted Fund Balance Reserve of \$39,725 established.

Proposed Increase (Recommendation No. 3): Approval of this item will increase the amount of the Restricted Fund Balance to reflect the new cost estimate for increased equipment, labor, and monitoring costs, requiring an updated set-aside of \$43,791.

These updated financial assurance amounts will ensure the County remains in compliance with State requirements and maintains adequate reserves to complete reclamation activities once each quarry's operations end.

PROCUREMENT

Not Applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Aaron Gest, Deputy County Counsel, 387-5455) on December 4, 2025; and County Finance and Administration (Kathleen Gonzalez, Administrative Analyst, 387-5412 and Iliana Rodriguez, Administrative Analyst, 387-4205) on January 12, 2026.

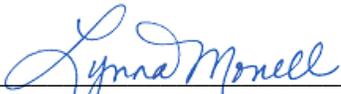
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Col. Paul Cook (Ret.)

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: January 27, 2026



cc: File - Transportation w/reso
CCM 01/28/2026