

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
FEDERAL PROGRAMS BRANCH****Community Development Block Grant Program**

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**CDBG MANAGEMENT MEMORANDUM**
Community Development Block Grant Program - Memorandum Number 13-05**September 26, 2013**

MEMORANDUM FOR: Non-Entitlement Jurisdictions Eligible for State Community Development Block Grant (CDBG) Program Grantees

FROM: Thomas Brandeberry, CDBG Section Chief

SUBJECT: State CDBG Program's Procurement Requirements for Grantees

The purpose of this management memo is to acknowledge, per 25 CCR 7120, the Department's adoption and use of 24 CFR 85.36 (federal procurement requirements) as its procurement requirements for the State's CDBG non-entitlement grantees. Those regulations can be found here:

http://www.hcd.ca.gov/fa/cdbg/manual/24_CFR_85.36_Procurement.pdf.

While the department works on revising the Grant Management Manual Procurement Chapter (Chapter 8) to align better with 24 CFR 85.36, grantees should be aware of the following important considerations.

First, the Department has and does require grantees to be in compliance with 24 CFR 85.36 when procuring goods or services with CDBG funds.

Second, in the past the Department has disallowed the use of small purchase procurement except when procuring goods or equipment. However, effective with the release of this Management Memorandum, the Department will expand the use of the small purchase method beyond goods and equipment under limited circumstances. Small purchase may be used by grantees, as set forth in 24 CFR 85.36 in the following two (2) instances:

1. To hire a consultant for a single PTA Study (engineers and architects can only be hired via the RFQ process).
2. To hire a consultant for a single federal overlay for a single CDBG Project.

Lastly, the Department will only require full procurement packages for RFP and RFQ hires. However, Subrecipient Agreements will still require Department review and approval as part of the General Conditions Clearance process. Other procurement methods authorized under 24 CFR 85.36 will be reviewed as part of the Department's monitoring process.

A procurement file should consist of the following:

- Copy of RFP or RFQ,
- Cost reasonableness analysis,
- Solicitation list, public notices (with proof of publication),
- List of bid respondents,
- Full copies of all bids received,
- Review/scoring results for each respondent/bidder,
- Proof of non-debarment of selected consultant, and
- Contract