Improving Predictability in Arbitrum DAO's Operations

Non Constitutional

Abstract

This proposal aims to introduce guidelines for posting proposals to a vote; primarily to reduce delegate fatigue by ensuring that Snapshot and Tally votes are posted at a regular cadence with greater predictability. Rather than formally updating the language of the Arbitrum DAO Constitution, the chosen guidelines can be seen as a common social agreement between delegates. This proposal carries no cost to the DAO, and the guidelines can be implemented by the start of August if passed through a Snapshot vote.

Motivation

Since its inception, the Arbitrum DAO has voted on over 280 Snapshots and 30 onchain votes. First anticipated almost a <u>year</u> ago by <u>@cattin</u> and <u>@seedlatam</u>, as the operations of the DAO continue to grow, a more efficient and predictable governance process is needed to prevent delegate fatigue.

Rationale

Our team considered several possibilities for structuring Arbitrum DAO's governance processes. This included creating voting periods organized around a monthly calendar or continuously repeating three week cycles. While both of those structures would greatly increase predictability and allow for the possibility of predetermined rest periods, they each come with tradeoffs:

- Condensing the availability of when a proposal can be posted to a vote creates an incentive to rush proposals. This can be detrimental to overall proposal quality.
- There is the potential to induce delegate fatigue if there is an overwhelming amount of votes all pushed into one short period.
- Limiting the number of votes in each batch opens up further questions on how to prioritize which proposals are included.
- Limiting the number of votes in each batch opens up further questions on how to prioritize which proposals are included.
- The DAO has typically <u>seen</u> a 14 day application window for RFPs. Ensuring elections begin in a timely manner post RFP is an additional consideration that adds complexity to any designed structure.

Previous conversations on the DAO's process have also included introducing standard guidelines for elections or an Arbitrum Delegate Code of Conduct. These are topics that Entropy Advisors is beginning to work on as well, but in this case we believe it is better to start by leaning on the side of simplicity.

Knowing that more complex structures can always be implemented later, below we propose the adoption of a set day each week for votes to start as well as a holiday break. Both of these would greatly increase predictability for delegates and can be adopted by the DAO without much of an adjustment period.

Specifications

This proposal does not seek to alter the language of the Arbitrum DAO Constitution, but rather create an agreed upon social contract between delegates on best practices in regards to posting proposals to a Snapshot or Tally vote.

Our primary objective is to improve predictability and reduce the potential for delegate fatigue. Based on these priorities below are specifications for the two recommended adjustments to Arbitrum DAO's governance processes.

Start all votes on Thursdays

By starting both Snapshot and Tally votes on Thursday, the DAO can not only increase predictability for delegates, but also prevent the scenario where votes begin/end on weekends.

In order for a Tally vote to start on Thursday, it must be posted on Monday given the 3-day delay from when a proposal is posted until voting begins. Each batch of proposals ready to move to a Snapshot vote can be scheduled beforehand beginning on Monday and through Wednesday. We encourage delegates to post/schedule votes to begin before Thursday at 12 pm UTC. While not a hard deadline, this will help ensure any votes start for a majority of delegates worldwide.

Overall, this allows delegates who don't follow discussions as closely a few days to see what will be voted on and properly

prepare. Additionally, with multiple opportunities each month to move a proposal forward to a vote, the incentive to rush the process is reduced.

Holiday Break: December 20 - January 6th

Implement a holiday break to ensure delegates have a break and can return refreshed for the new year. During this time it is advised that no new proposals are posted to the forums and only emergency proposals are put up to a vote.

Optional: Delegate Approval Process

Recently, we have noticed a trend within Arbitrum DAO of delegates waiting until a proposal makes it to a Snapshot for feedback to be given. This has resulted in some proposals being posted to Snapshot prematurely. We assume this is a result of several factors including the increasing amount of topics delegates must stay up to date on and the fact that there are no specific guidelines on how much discussion is required before moving a proposal forward.

It would likely be very difficult to achieve DAO wide consensus on what specific requirements should be implemented to determine when a proposal is ready to move to a Snapshot vote. Thus a level of subjectivity is required and taking inspiration from procedures within Optimism DAO, a delegate approval process can be adopted.

There are currently 64 delegates with greater than 500k in voting power (VP), so our recommended threshold for delegate approval is either a cumulative of 20m VP (requires at least 2 delegates) or 6 delegates (~10% of delegates with necessary power to post votes). If a proposal reaches either of the thresholds, it can be considered that there is consensus among enough delegates that it is ready to move forward.

To signal their support of a proposal, delegates can post a statement similar to the following: "I am an Arbitrum delegate with xx voting power and believe this proposal is ready to move forward to Snapshot".

This approach introduces its own set of tradeoffs. While it would likely prevent premature proposals from going to a Snapshot vote, it does increase delegate responsibilities and can risk proposals authored by new contributors getting stuck due to the lack of connections to large delegates. Therefore we are presenting this as an option separate from the aforementioned adoptions and would welcome feedback from the community.

To help encourage delegates to take on this additional responsibility, as part of the <u>delegate incentive program</u> a bonus point can be awarded to delegates on Karma who approve a proposal that eventually passes on Snapshot or Tally. This is just a suggestion and something we will leave to the discretion of the <u>@seedlatam</u> team.

Additional Considerations: Emergency Proposals

In the event of an emergency proposal that is time-sensitive in nature we recommend that any adopted guidelines be waived and the proposal be put up to a vote immediately. In our opinion, only Constitutional AIPs that relate to security matters should be considered as emergency proposals.

Steps to Implement

Any changes made to the DAO's procedures need to be widely communicated and accessible for potential new members. Otherwise, there are minimal steps needed to implement other than coordinating delegates and helping the DAO adjust to the adopted changes.

Entropy will also be responsible for:

- Adding the agreed upon guidelines to the <u>Ground Rules Topic</u> so that it is easy for new community members to discover and access. Our team will coordinate with the Foundation to make this happen.
- Adding the holiday break to the Arbitrum DAOGoogle Calendar.

Timeline

Below is a proposed timeline to help ensure a smooth transition and adequate preparation for all delegates and community members.

Feedback Period (June 24th - July 11th)

Taking into account GovHack (July 5-7) and EthCC (8-11), we have proposed a longer feedback period so as to not hold a vote when several delegates will be traveling. These events also present an opportunity to gather additional feedback in person.

Snapshot: July 11th - 18th

Voting Options: Ranked Choice

- · Adopt Thursday as Voting Day & Holiday Break
- Adopt Thursday as Voting Day, Holiday Break, & Delegate Approval Process
- Against
- Abstain

Preparation Period: July 18th - July 28th

Assuming the proposal passes the Snapshot vote, preparation for the first batch of proposals to align with the new schedule. We recommend that no Snapshot votes are posted after July 21st to help ensure a smooth transition for the first batch to begin August 1st.

First Tally Votes Scheduled: July 29th

First Batch of Snapshot Votes: August 1st

Costs

There are no additional costs to the DAO for implementing this proposal. The primary resources required will be the time required to update and coordinate with delegates on whatever new schedule is decided upon. This will be handled by the Entropy Advisors team.

Acknowledgements

We wanted to also extend our gratitude to <u>@cattin</u> and the <u>@seedlatam</u> team for providing valuable feedback and assistance with this proposal.