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August 22, 2024

TO: Knoxville Transportation Authority Commissioners
FROM: Isaac Thorne, Director of Transit
SUBJECT: Introduction of Proposed KATPay Fare Payment Solution

Recommendation:

The recommendation for KATPay is building upon mobile ticketing and transitioning to cashless payment methods on buses. The current fareboxes on buses have been deemed obsolete by the manufacturer in 2023 and no longer supported. Transitioning to a cashless payment system by providing mobile tickets and smart cards can significantly improve the convenience, efficiency, and overall experience for both customers and KAT.

Benefits:

Customers who do not have a smartphone would use a smart card that is reloadable using cash or credit/debit card. A registered smart card allows users to purchase passes or add funds online. If a customer does not have access to a credit/debit card they will be able to add funds with cash to their smart card at several retail locations near bus routes, in addition to the customer service desk located at Knoxville Station. The retail network includes the following stores: Walmart, Kroger, Family Dollar, Dollar General, Walgreens, Pilot Travel Centers, Circle K, CVS Pharmacy, and more.

Another advantage of implementing cashless payment methods is our ability to implement fare-capping. Fare-capping allows customers to save money by providing the same rates as a pass without having to pay the full cost upfront.

KAT partners with many social service agencies and they would still be able to purchase 1 and 30-day passes, to distribute to their clients. These new passes would also be validated on buses using the same validator for mobile tickets and smart cards.

The operational efficiency gained for KAT is the reduction in handling costs of counting cash and repairing fareboxes. The maintenance and labor expenses for fixing fareboxes will be eliminated and less labor time will be needed counting cash. Implementing cashless payment will also increase boarding time for passengers. There are often errors with the farebox validating tickets or accepting cash, and this leads to longer boarding at bus stops. KAT will also have the flexibility to examine and possibly implement rear-door boarding, which can also improve boarding time.

The last benefit of KATPay is the ability to collect data on travel patterns. The data collected can be used to help determine route and schedule changes and allocate resources for service.

Implementation Plan:

If the KTA approves the proposed KATPay Fare Payment Solution, it will launch on October 22nd. The fareboxes will be removed from use on December 2nd. During the period between October 22nd and December 2nd KAT will have a buyback program to convert unused paper tickets or change cards to smart card or mobile tickets.

KAT will also have extensive educational events to support customer's transition to smart cards and mobile tickets.

Next Steps:

Customers are encouraged to complete a survey on-line or in paper format to provide us input about fare payment options. A Title VI Analysis is being prepared and will be presented to KTA at the September board meeting. This will also require a Public Hearing before the KTA will vote on the KATPay Fare Payment Solution.